



United States International Trade Commission

BUDGET JUSTIFICATION

FISCAL YEAR

2006

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Alphabetical Listing of Abbreviations

ACE	Automated Commercial Environment	GATT	General Agreement on Tariffs and Trade
AD	Antidumping	GC	Office of the General Counsel
AGOA	African Growth and Opportunity Act Eradication Act	GPEA	Government Paperwork Elimination Act
CAFC	Court of Appeals for the Federal Circuit	GPRA	Government Performance and Results Act
CGE	Computable General Equilibrium	GSA	General Services Administration
Commerce	Department of Commerce	GSP	Generalized System of Preferences
Commission	United States International Trade Commission	HR	Office of Human Resources
CIT	Court of International Trade	HTS	Harmonized Tariff Schedule of the United States
CMS	Content Management System	HTSA	Harmonized Tariff Schedule of the United States Annotated
CSRS	Civil Service Retirement System	IG	Office of Inspector General
CVD	Countervailing Duty	IT	Information Technology
DataWeb	Interactive Tariff and Trade DataWeb	ITC-Net	Commission's Local Area Network
EDIS	Electronic Document Imaging System	ITDS	International Trade Data System
EDS	Express Delivery Services	LAN	Local Area Network
FAIR Act	Federal Activities Inventory Reform Act	NAFTA	North American Free Trade Agreement
FERS	Federal Employees Retirement System	OMB	Office of Management and Budget
FISMA	Federal Information Security Management Act	OPM	Office of Personnel Management
FTA	Free Trade Agreement	PE	Probable Economic (Effect)
FTAA	Free Trade Area of the Americas	URAA	Uruguay Round Agreements Act
FTE	Full-Time Equivalent (Employees)	USTR	United States Trade Representative
FY	Fiscal Year	WCO	World Customs Organization
GATS	General Agreement on Trade in Services	WTO	World Trade Organization

Fiscal Year 2006 Budget Justification for the U.S. International Trade Commission



General Statement

The U.S. International Trade Commission (Commission) is an independent, quasi-judicial Federal agency with broad investigative responsibilities on matters of trade. The agency investigates the effects of dumped and subsidized imports on domestic industries and conducts global safeguard investigations. The Commission also adjudicates cases involving imported goods that allegedly infringe intellectual property rights. Through such proceedings, the agency facilitates a rules-based international trading system. The Commission also serves as a Federal resource where trade data and other trade policy-related information are gathered and analyzed. The information and analysis are provided to the President, the Office of the United States Trade Representative (USTR), and Congress to facilitate the development of sound and informed U.S. trade policy. The Commission makes most of its information and analysis available to the public to promote understanding of international trade issues.

Mission

The mission of the Commission is to (1) administer U.S. trade remedy laws within its mandate in a fair and objective manner; (2) provide the President, USTR, and Congress with independent, quality analysis, information, and support on matters of tariffs and international trade and competitiveness; and (3) maintain the Harmonized Tariff Schedule of the United States (HTS). In so doing, the Commission serves the public by implementing U.S. law and contributing to the development of sound and informed U.S. trade policy.

Activities in Brief

As the role of international trade in the U.S. economy has expanded, the work of the Commission has had a broader impact on many aspects of the U.S. economy. With this trend in mind, the Commission recognizes the importance of striving for excellence in all aspects of its mission, particularly objectivity, thoroughness, clarity of analysis, and timeliness in the performance of its investigative duties. This effort allows the Commission to meet more effectively the needs of all its customers: policymakers in both the legislative and executive branches, parties to Commission proceedings, and the general public.

The Commission has five major operations that serve its external customers. The five operations include (1) Import Injury Investigations, (2) Intellectual Property-Based Import Investigations, (3) Industry and Economic Analysis, (4) Trade Information Services, and (5) Trade Policy Support. Detailed goals and strategies for each operation are presented in the FY 2006 Annual Performance Plan (attached).

Import Injury Investigations and Intellectual Property-Based Import Investigations are distinct investigative regimes with specific and detailed procedures provided in authorizing legislation. Industry and Economic Analysis, Trade Information Services, and Trade Policy Support are based upon general authorizing legislation with broad discretion delegated to the Commission. The Commission conducts Import Injury Investigations and Industry and Economic Analysis by assigning an interdisciplinary staff team to each investigation, thereby combining the skills of the Commission's investigators, analysts, economists, lawyers, and statisticians. The knowledge, skills, and abilities developed and maintained in the trade data and analysis operations (3, 4, and 5) and those developed and maintained in the primarily investigative operations (1 and 2) mutually reinforce one another. Commission staff frequently contribute directly to activities in more than one operation.

Fiscal Year 2006 Budget Highlights

For FY 2006, the Commission requests \$65,278,000 to support its authorized operations. The FY 2006 request represents a 5.8 percent increase over the FY 2005 request of \$61,700,000. The FY 2005 request was approved by Congress (but was subject to rescissions totaling 1.34 percent). Virtually all of the increase for FY 2006 is due to higher salary and benefit costs for Commission staff. Increased salary and benefit costs are primarily due to the expected Federal pay raise and changes in retirement program costs. In addition, overall staffing levels may rise through the hiring of term appointments to meet a potential overall increased caseload caused by the return of transition sunset reviews that began in late FY 2004, will reach critical mass during FY 2005, and will remain at elevated levels through FY 2006.

The Commission is not seeking funding for any major new projects. In fact, nonpersonnel costs will rise only marginally in FY 2006 (0.34 percent), less than the expected rate of inflation. Consistent with the Commission's strategic plan and the cyclical nature of much of its work, the Commission will focus on staffing requirements to meet anticipated peak workload during FY 2005 and 2006. Major nonpersonnel initiatives will be deferred during this time. Nonpersonnel funding will focus on recurring requirements and completion and implementation of projects initiated during the trough in the Commission cyclical workload in FY 2002-2004. Such projects include the Electronic Document Imaging System (EDIS), the replacement and upgrade of the Commission's Local Area Network (ITC-Net), and the redesign of the Commission's website and development of an Enterprise Portal. (See Information Technology (IT) Activities, pp. 49).

The Commission's FY 2006 Budget Request consists primarily of salaries (59 percent), benefits (14 percent), rent (9.5 percent), and support services (12 percent). (See Obligations: Dollar Cost Comparison By Object Classification, Fiscal Years 2004, 2005, 2006, p. 57). These costs are predominantly recurring in nature and provide a baseline for evaluating the Commission's annual expenditure plans. Reductions in this baseline would require reductions in staffing, space, or support services

FY 2006 Cost Increases due to Increased Salaries and Benefits Costs

Virtually all of the requested budget increase in FY 2006 is tied to salaries and benefits of Commission employees. Salaries are expected to increase by 6.5 percent. This increase is due to four factors: (1) the

expected Federal pay raise of 3.5 percent, assuming military pay parity, (2) an increase in on-board staffing levels compared to FY 2005, (3) wage grade increases and promotions, and (4) increased term appointment costs. The last factor is the direct result of increased import injury caseload tied to transition sunset cases. The return of transition sunset cases began to peak during FY 2005 and will remain at elevated levels throughout FY 2006. Should this result in an overall increased caseload, it would necessitate higher staffing levels than that which prevailed during FY 2004 and FY 2005.

In addition to the increase in salaries, benefit costs are expected to increase by over 10 percent in FY 2006. (See Composition of Total Compensation Benefits Costs, p. 7.) Most benefit costs consist of retirement programs (Figure 1) and are directly tied to salaries. Thus, part of the increase in benefit costs can be directly attributed to increased salary costs. The rest of the increase is due to changes in the composition of the workforce.

The rate of increase in retirement benefits typically exceeds the rate of increase in salaries. This is because the Commission contribution to retirement programs for new employees is almost three times the contribution rate for older employees nearing retirement age (Figure 2). Employees hired before 1984 are part of the Civil Service Retirement System (CSRS). The Office of Personnel Management (OPM) provides about two-thirds of the retirement costs of the CSRS employees; the Commission only pays 8.45 percent of salary. Employees hired after 1984 are covered by the Federal Employees Retirement System (FERS). The Commission pays the full cost of FERS retirement benefits, which currently is 23.35 percent of salary. There is also a third category of employee, titled by OPM as "CSRS offset" employees. These are former CSRS employees who returned to Federal service after 1984. The Commission pays a total of 14.65 percent of salaries for these employees (the CSRS contribution plus a 6.2 percent Social Security contribution). FERS employees constituted 58 percent of the Commission staff yet, because of this cost disparity, FERS retirement costs constituted 78 percent of the Commission retirement costs during FY 2004 (Figure 3).

As the Commission loses CSRS staff to retirement and replaces them with new FERS employees, the retirement benefits cost for each employee increases from 8.45 to 23.35 percent of their salary (Figure 4). Given our existing salary structure, that is an average of about \$13,000 per employee per year. The Commission currently has 83 permanent staff, or almost 25 percent of its permanent staff, eligible for retirement before the end of FY 2006. Almost all of those eligible to retire are CSRS. For the last several years, about 20 percent of those eligible to retire actually retire. Thus, the Commission anticipates about 15 retirements in FY 2005 and 2006. The Commission expects to fill many currently vacant positions, and any newly vacated positions, to meet normal workload requirements. In addition, we may hire up to 15 term appointments by the beginning of FY 2006 to meet sunset workload requirements. Virtually all of the replacements and term employees are likely to be FERS employees. The cumulative effect of the increasing proportion of FERS staff by itself is an increase in benefits costs between \$200,000 and \$300,000 per year.

In addition to the increase in retirement benefits costs, health insurance costs, which constitute about 22 percent of total benefits costs, have increased by more than 10 percent in each of the last two years. OPM projects health insurance costs to continue to increase at that rate through FY 2006.

Variations in Commission Caseload and the Effect of Transition Sunset Reviews

The Commission's staffing needs are driven by the demands of its investigative workload. Over 80 percent of the Commission's annual costs are attributed directly or indirectly to investigative activity. All three of the Commission's major investigative operations are expected to be at elevated levels during FY 2006. For import injury investigations, this increase is driven by transition sunset reviews on top of an assumed normal workload. For intellectual property-based import investigations, activity levels were already at historically high levels when new filings surged during the latter half of FY 2004. At the same time, requests for Industry and Economic Analysis investigations, especially expedited, resource-intensive studies related to bilateral agreements, have increased steadily in the last few years.

The volume of the Commission's import injury workload, and overall activity level throughout the Commission, are influenced by a five-year cycle with a variable caseload tied to Commission sunset review. The sunset provisions require a review of every outstanding antidumping (AD) and countervailing duty (CVD) order every five years as long as the order remains in effect. When the requirement for sunset review was first established, there were more than 300 orders in effect that the Commission had to review during a transition period from FY 1999 to 2001. The transition sunset orders that remain in effect returned for their second round of reviews beginning in FY 2004. While they did not have a major impact on FY 2004 import injury caseload, transition sunset reviews reached sustained high levels in FY 2005. The average number of active import injury investigations per month has increased from the low teens during FY 2004 to about 20 in the first quarter of FY 2005. Assuming a normal level of new investigations, the active caseload is expected to remain at or above 20 through FY 2006. This level of activity is not as high as the peak period of the first transition sunset cycle in FY 2000, but it still represents a significant increase over recent years. To meet this increased workload, the Commission plans to reassign staff internally and may hire a limited number of term appointments.

The increased sunset activity is certain to occur as scheduled and is currently underway. What is always less certain is the number of new investigations that will be filed. Our caseload projections and budget request are based on the assumption that we will have an average number of new import injury filings in FY 2006, or about ten active investigations every month (preliminary, final, and other). It is possible, however, that new filings will vary from the historical average. Changes in the level of new filings are often the result of economic conditions affecting the U.S. or foreign economies. For example, a recession or surge in the trade deficit may lead to an increase in new filings, while domestic economic growth or a declining dollar may contribute to a decline in new filings.

Predictions regarding economic conditions and their effect on FY 2006 filings are problematic. Recently, the Commission has experienced a significant decline in new import injury filings. While we normally receive approximately 15 new AD/CVD petitions every year, together with six other investigations, from July 1, 2004 through the end of December 2004, we received only two new filings. This will result in a significant decline in final AD/CVD investigations in FY 2005 and early FY 2006.

The Effect of the Recent Decline in New Import Injury Investigations

In response to this decline, the Commission will likely bring fewer term employees on board during FY 2005. The lower level of new import injury investigations in FY 2005 will probably lead to a higher than normal surplus in the Commission's FY 2005 expenditure plan. The exact amount of potential surplus is difficult to gauge with precision at this point in time, but will become increasingly clear as the fiscal year progresses. An unusually high FY 2005 surplus would obviously offset some of our FY 2006 funding requirements.

Although it is too early to be certain that this short term trend will persist, the Commission is fully aware of the difficult decisions that Congress must make regarding FY 2006 appropriations. Going forward through FY 2005, the Commission will keep the appropriations committees fully apprised of any projected FY 2005 surplus and any revisions to the expected FY 2006 caseload estimates so that appropriate adjustments to the budget request can be made in a timely fashion.

Composition of Total Benefits Cost

Figure 1
Composition of Total Benefits Cost
FY 2004

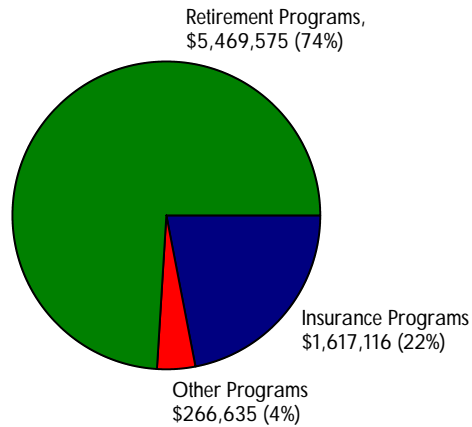


Figure 2
Commission Cost of Retirement Programs as
Percentage of Salary

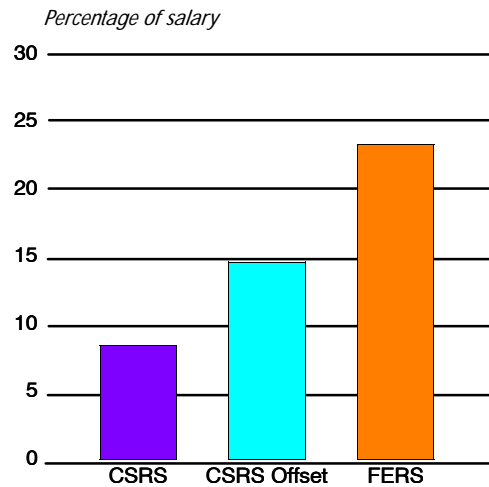


Figure 3
Estimated Share of Total Retirement Cost
Attributable to Various Retirement Programs, FY 2004

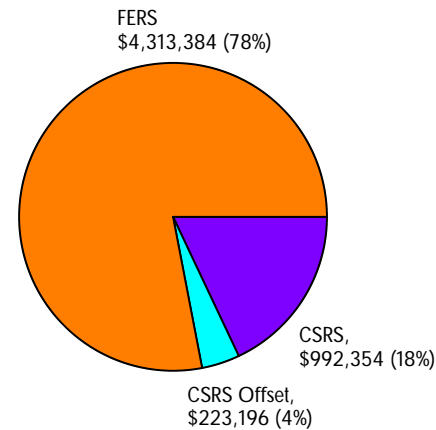
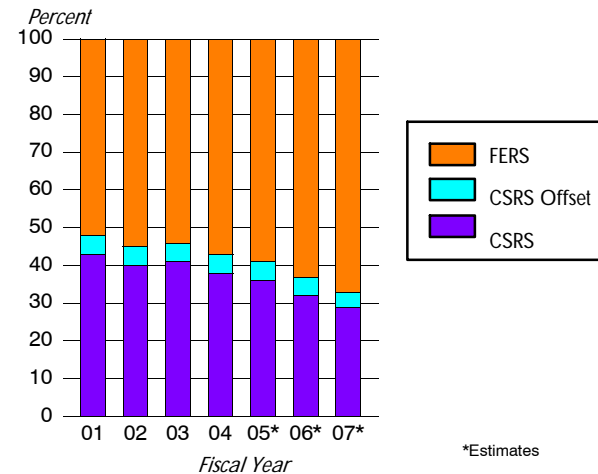


Figure 4
Percentage of Commission Staff in Various Retirement
Programs at Beginning of Fiscal Year,
FY 2001 to FY 2007



President's Management Agenda

The Commission's Strategic Plan has provided the blueprint to the budget development process for the last several years. The Strategic Plan served as a guide through the first round of transition sunset reviews, when increased workload put a significant strain on resources. The Commission continues to use performance management principles to shape resource allocation. In doing so, the Commission acts consistently with the Government Performance and Results Act (GPRA), the Information Technology Management Reform Act of 1996 (the Clinger-Cohen Act), the Government Paperwork Elimination Act (GPEA), the Federal Activities Inventory Reform Act (the FAIR Act), the Accountability of Tax Dollars Act of 2002, and other statutes, executive orders, and related Office of Management and Budget (OMB) circulars, even when the Commission may not be expressly required to do so because of its independent status.

The President's Management Agenda consolidates and expands upon these performance management initiatives and gives renewed emphasis to measuring performance and rewarding results. The Agenda includes five Governmentwide initiatives that the Commission has implemented to varying degrees to improve the quality of its performance and delivery of services to the public: (1) Competitive Sourcing, (2) Improved Financial Performance, (3) Budget and Performance Integration, (4) Expanded Electronic Government, and (5) Strategic Management of Human Capital. These five initiatives are complementary and interrelated. For example, competitive sourcing and strategic management of human capital go hand in hand when an agency is considering how to meet service needs in the future. Competitive factors may suggest creation of jobs in-house or may suggest contracting with the private sector. Improved budget and performance integration may lead to improved financial performance. Expanded e-Government may lead to a realignment of the organization and its human capital.

Competitive Sourcing

The Commission has successfully controlled its operating costs by maximizing the use of competitively awarded service contracts consistent with the Federal Acquisition Regulation, the FAIR Act, and OMB Circular A-76. For years, the Commission has competitively contracted for a wide variety of services,

including information technology services, certain editing and publishing services, mailroom and general labor services, cleaning and building maintenance services, and security services. More than ten percent of the regular on-site staff at the Commission consists of private sector contract employees. In addition, other services are acquired on an as-needed basis, such as virtually all equipment maintenance services, application systems design and development, and certain audit and financial services. Generally speaking, the Commission routinely obtains temporary requirements, such as major project management and advisory services, through private-sector competition. Permanent staff are devoted to core Commission investigative functions and recurring support activities where the cost of outsourcing is less competitive. In June 2004, the Commission made available on its website the annual comprehensive list of commercial activities, consistent with the FAIR Act. The Commission continues to evaluate competitive alternatives and efficient service contracting options to maximize efficiency and minimize cost.

The Commission has met the rapidly increased demands for information technology services and new management and reporting requirements using competitively sourced service contracts with the private sector. The procurement specialists have an excellent record for ensuring competition whenever the Commission seeks goods or services from the private sector, as demonstrated in the recent local area network, desktop replacement and website re-engineering acquisitions. Multiple viable proposals for each project were submitted and analyzed, ensuring the successful completion of each project at a reasonable cost. The Commission routinely makes competitive awards for consulting services regarding information security and information technology, preparation of financial statements, audit services, strategic planning, and human capital planning.

Improved Financial Performance

The Chairman leads the Commission on administrative matters, including financial management and budget development, but typically achieves consensus among all Commissioners before taking action. Through many years of bipartisan collaborative effort, the Commission has established a record of prudent fiscal management and cost control. Variability in workload has been met with flexible use of resources and determined efforts to fully utilize assets and limit the growth in the budget as much as possible.

In compliance with the Accountability of Tax Dollars Act of 2002, the Office of Finance produced financial statements, notes and a management discussion and analysis for FY 2004. An audit by the Office of Inspector

General (IG) resulted in an unqualified opinion on the statements as well as a finding of no material weaknesses in the area of financial management.

The Commission has streamlined its procedures and contained costs by reducing staffing levels, space requirements, and other nonpersonnel costs in recent years. Staffing levels have declined by 20 percent in the last ten years. General administrative costs of the Office of Administration (Human Resources, Facilities Management, and Finance) account for less than seven percent of total labor costs, and general administrative staffing levels have been reduced by 45 percent since FY 1996.

The Commission strives to present an accurate request for necessary resources while minimizing its appropriation request. Resources are reprogrammed and staff reassigned to meet changing requirements first, rather than increasing overall staffing levels. To the extent that some staff increases may be necessary to meet the second round of transition sunset reviews, any increase in staff resources will consist of limited term appointments, rather than increased permanent staff.

The Commission does not administer benefits and assistance payments programs and, thus, does not have any significant problems related to improper payments. Commission payments are tied to payroll and standard nonpersonnel costs such as space rental, travel, training, services, supplies and equipment. Execution of the Commission's Expenditure Plan is closely monitored by Commission staff and senior managers, and payment procedures are regularly reviewed by the Office of Finance and the IG.

Budget and Performance Management Integration

Since FY 2000, the Commission has successfully integrated budget formulation and execution with strategic planning. Budget formulation and execution activities have been restructured to permit the allocation of virtually all costs to one of the five operations set forth in the Strategic Plan. Specifically, because personnel costs are more than 70 percent of total costs, the Commission utilizes the labor cost reporting system to collect workyears and cost information, which are identified as direct costs of the goals of the Strategic Plan or indirect support costs. All indirect costs are allocated to the Commission's five operations with the exception of the activities of the IG. These are reported as unallocated indirect costs. (See Dollar Cost Comparison by Operation, p. 69; Workyear: Comparison by Operation, p. 65; Budget Summary by Operation, p. 66; and Direct/Indirect Cost by Operation, p. 67.) The Commission also presents data according to budget object

classification. (See Dollar Cost Comparison by Object Classification, p. 57, and Analysis of Change: Obligations, Fiscal Year 2004; Expenditure Plans, Fiscal Years 2005 and 2006, p. 60.)

The tracking and reporting of costs on the basis of the Commission's Strategic Plan has improved the Commission's resource management and has allowed the Commission to relate its expenditures to its program outputs more clearly. Further, this presentation facilitates Congressional oversight and ensures that Commission expenditures are tied to achievement of the Commission's mission. The Commission continues to look for ways to improve its budget integration efforts. Refinements to the Commission's labor cost system have been implemented every year to provide greater detail and transparency regarding actual costs of specific Commission investigations. Budget integration efforts to date have allowed Commission managers to track changes in workload and compare them to changes in cost. In doing so, the Commission is able to determine whether resources are being allocated efficiently.

In accordance with the GPRA, the Commission prepares an annual Performance Plan setting out goals and strategies to help the Commission fulfill its mission. As part of the effort to integrate planning and budgeting, the sections of the FY 2006 Budget Justification covering the Commission's operations also address performance planning. Consistent with OMB guidance, the combined Budget Justification and Performance Plan form a Performance Budget. The Commission's Performance Results Report for FY 2004 was presented to Congress in the Performance and Accountability Report submitted to Congress as required by the Accountability of Tax Dollars Act of 2002.

Expanded Electronic Government

The Commission considers the e-Government goals of the President's Management Agenda when high level objectives are established during the initiation phase of every major Information Technology (IT) project and in the Commission's investment review process. In recent years, the Commission has committed significant resources to e-Government initiatives such as EDIS, the Interactive Tariff and Trade DataWeb (DataWeb), and website redesign.

In addition, the Commission has made significant progress in several OPM and OMB sponsored e-Government initiatives. In 2004, the Commission implemented e-Quip, the OPM e-Government initiative to streamline the investigation process for an employee's security clearance. In 2005, the Commission will

implement the Enterprise Human Resources Integration which will eliminate the paper Official Personnel Folder and allow employees, managers, and the Human Resources (HR) personnel to view employment records on-line. Additionally, in 2005 the Commission, as a part of the Recruitment-One-Stop initiative, will implement Quickhire, which will automate our staffing process and allow us to meet the requirements of the OPM 45-Day Hiring Model and the Pledge to Applicants. In 2006, following the lead of the Department of Interior, the Commission will implement and integrate the requirements of the HR Line of Business which will standardize and modernize core personnel transaction processing across the Federal government. Also, in 2005 the Commission will move its e-Travel contract to the General Services Administration (GSA) e-Travel schedule. GSA e-travel schedule provides the Commission with GSA-negotiated rates for travel transactions and the inherent benefits from governmentwide modifications and innovation provided under these contracts.

Human Capital Management

Significant progress has been made on a Human Capital Vision and Strategic Human Capital Plan, which outline the strategies that the Commission will use to address the significant human capital issues the Commission will face over the next three to five years. The plan outlines specific strategies to (1) create and sustain an organizational culture that supports high performance; (2) attract and retain a high-performing workforce with the needed technical and professional skills; (3) continuously develop workforce skills in line with changing Commission requirements; and (4) allocate human resources across organizational components to efficiently respond to changing workload requirements.

The Commission has begun work to achieve the goals outlined in the plan. To be successful in the future, the Commission needs a workforce that properly balances technical expertise, flexibility, and new and enhanced skills. In order to ensure efficient allocation of human resources with these characteristics across organizational components, the Commission conducted a top-to-bottom position review of its three largest organizations: the Office of Operations, the Office of General Counsel, and the Office of Administration. From this review we learned that there are some areas in the Commission where higher level of skills are needed but, overall, we determined that we can reduce the size of the Commission by 20 positions over the next three to five years.

To supplement the work already completed on the core occupations (international trade analyst, economist, and attorney), the Commission conducted skills analyses for management support positions and leadership.

Based on the findings of that skills analysis, the Commission launched a leadership development program which focuses on the competencies needed to guide mission accomplishment at the agency.

In 2004, the Commission continued its longstanding focus on worklife initiatives. In partnership with OPM, the Commission conducted a second workforce survey which will be used to measure progress in implementing the President's Management Agenda. The Commission also implemented a policy to reimburse attorneys and certified public accountants for the professional certifications required for their positions and a policy to reimburse employees for a portion of their fitness memberships.

The Commission continues to emphasize performance-based accountability for senior managers as the Commission moves towards implementation of the innovative performance-based pay authorities in the Defense Authorization Act of 2004. During FY 2004, the Commission made significant strides in making meaningful distinctions in performance for both the Senior Executive Service and the staff and then used those performance assessments to make performance-based bonus decisions at all levels in the agency.

Request Summary

In summary, the FY 2006 Commission Budget Justification presents cost and workload information that aligns budget activity with the Strategic Plan. The Commission's FY 2006 budget request of \$65,278,000 for operations facilitates the achievement of the goals set forth in its Performance Plan. This request also supports the commitment of the Commission to provide the highest quality service to the legislative and executive branches, the Congress, and the American people, and continues to promote equal access in all aspects of Commission activities.

Fiscal Year 2006 Requested Appropriation Language for the U.S. International Trade Commission

Salaries and Expenses

“For necessary expenses of the U.S. International Trade Commission, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, and not to exceed \$2,500 for official reception and representation expenses, \$65,278,000 to remain available until expended.”

Operation 1: Import Injury Investigations

Operation 1 covers the Commission's investigations into the effects of unfairly traded imports or an increase in imports on a U.S. industry and appellate litigation to defend Commission decisions. These investigations pertain to—

- AD/CVD investigations, five-year (sunset) reviews, and changed circumstances reviews under title VII of the Tariff Act of 1930;
- global safeguard and market disruption investigations under sections 202, 204, 406, 421, and 422 of the Trade Act of 1974;
- investigations under sections 302 and 312 of the North American Free Trade Agreement (NAFTA) Implementation Act of 1994; and
- proceedings under section 129(a)(4) of the Uruguay Round Agreements Act (URAA) (i.e., investigations to render Commission determinations consistent with WTO Panel and Appellate Body reports).

A substantial majority of the Commission's import injury caseload consists of title VII investigations. New import injury investigations usually are initiated in response to a petition for relief filed on behalf of a domestic industry. Reviews of all outstanding AD/CVD orders are conducted every five years as long as the order remains in effect. Operation 1 activity also includes trade remedy assistance to eligible small businesses regarding import injury investigations.

Antidumping and Countervailing Duty Investigations

Pursuant to subtitles A and B of title VII of the Tariff Act of 1930, the U.S. Department of Commerce (Commerce) is required to determine whether imported merchandise is being sold in the United States at less

than fair value (AD investigations), or whether a countervailable subsidy is being provided for the manufacture, production, or exportation of merchandise imported into the United States (CVD investigations). The Commission is required to determine whether an industry in the United States is materially injured or threatened with material injury, or whether the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that are under investigation.

Under the current law, the Commission makes a preliminary determination under a “reasonable indication” standard within 45 days of the filing of the petition. If the Commission’s preliminary determination is affirmative, Commerce must continue its investigation and make preliminary and final determinations concerning the alleged unfair trade practice. If Commerce’s final determination is affirmative, the Commission must complete its ongoing investigation and make a final injury determination. The Commission conducts all title VII investigations in accordance with statutes that implement U.S. international obligations.

The Commission instituted 17 preliminary and 14 final AD/CVD investigations and completed 17 preliminary and ten final investigations during FY 2004. Most notable among the final investigations completed were Durum and Hard Red Spring Wheat from Canada and Certain Color Television Receivers from China and Malaysia. Four of the investigations that continued into FY 2005 were Wooden Bedroom Furniture from China; Frozen or Canned Warmwater Shrimp and Prawns from Brazil, China, Ecuador, India, Thailand, and Vietnam; Outboard Engines from Japan; and Live Swine from Canada. Each of these cases involved between \$300 million and \$2.4 billion in subject imports.

The Commission projects a caseload of ten preliminary and nine final investigations instituted and ten preliminary and 15 final investigations completed in FY 2005, and a caseload of 15 preliminary and 12 final investigations, both instituted and completed, in FY 2006. (See Operation 1: Import Injury Investigations Caseload, p. 23.) The FY 2005 estimates are lower than our historical average. The estimates have been revised downward in response to a six month lull in new filings.

The Commission charged 31.1 workyears of direct labor to AD/CVD investigations in FY 2004, which accounted for approximately 41 percent of the 76 direct workyears charged to Operation 1 during that time. (See Workyears by Activity and Office - FY 2004, p. 68.)

Sunset Reviews

In sunset reviews, the Commission evaluates whether material injury to a U.S. industry would likely continue, or recur, if the AD/CVD order under review is revoked. Such reviews must be conducted on all AD/CVD orders every five years as long as the order remains in effect. Reviews may be terminated by Commerce because of the domestic industry's lack of response to the notice of initiation. When a review is terminated, the underlying order is revoked. If the review is not terminated, the Commission will conduct either an expedited or a full review. The Commission conducts expedited reviews when domestic and/or foreign interested party responses to its notice of institution are found to be inadequate. A full review occurs when there is adequate participation from both sides or when the Commission finds a full review is warranted. Generally, the Commission must complete expedited reviews within five months of institution and full reviews within 12 months of institution. The workload in expedited reviews is most intense during the final two months, while the workload in full reviews is most intense during the final six months.

During FY 2004, the Commission instituted 21 sunset reviews. Four of these, however, were subsequently terminated after revocation by Commerce because of no domestic industry response. Of the remaining cases, the Commission determined to conduct ten full reviews and seven expedited reviews. The Commission completed seven reviews during the year. (See Operation 1: Import Injury Investigations Caseload, p. 23.)

Sunset reviews are likely to account for the greatest growth in investigative activity in the import injury area in FY 2005 and 2006. Since these reviews must be instituted five years after an AD/CVD order is issued, the sunset caseload is known five years in advance. Approximately 75 percent of the reviews that will be conducted in FY 2005 will be second-round transition sunset reviews. In addition, the Commission will conduct sunset reviews of certain orders issued after 1995 (nontransition reviews). Because of the administrative procedures for sunset reviews, there is a three to six month time lag between institution and the beginning of full-scale Commission staff work on sunset cases. Thus, the peak sunset workload for Commission staff will occur in the second half of FY 2005 and in FY 2006. Given the decline in new AD/CVD filings in the last six months, permanent staffing levels should be sufficient to meet the increased sunset workload at least through the end of FY 2005. Term employees may not be needed until new filings return to normal levels.

In planning resource allocations for these second-round transition and nontransition reviews, the Commission assumes that the same type of review (expedited or full) will occur in the second round as occurred in the first

round. For nontransition reviews, the Commission follows historic trends and assumes that multi-country reviews will receive full review and the remainder will be evenly split between expedited reviews and those that are terminated following revocation by Commerce because of no domestic interest. Although some second-round transition reviews may be revoked by Commerce because of insufficient interest from domestic parties, it is unlikely that there will be many in this category, since interest in continuing the orders has previously been demonstrated in the initial set of reviews. Applying this methodology to the scheduled reviews, the Commission anticipates institution of 21 full reviews and 18 expedited reviews in FY 2005. In FY 2006, the Commission expects to institute 17 full reviews and one expedited review. (See Operation 1: Import Injury Investigations Caseload, p. 23.)

The Commission charged 5.7 workyears of direct labor to sunset reviews in FY 2004, which accounted for approximately 7.5 percent of the 76 direct workyears charged to Operation 1 during that time. (See Workyears by Activity and Office - FY 2004, p. 68.)

Litigation

If an appeal challenging a Commission title VII determination is filed in the Court of International Trade (CIT), or before a binational review panel under NAFTA, the Office of the General Counsel (GC) defends the Commission's determination. GC also represents the Commission in appeals of CIT decisions to the Court of Appeals for the Federal Circuit (CAFC). If there is a dispute before the World Trade Organization (WTO) involving a Commission import injury determination, GC assists USTR in defending that determination.

In FY 2004, 17 title VII determinations, involving either original determinations or sunset reviews, were the subject of new challenges in the CIT or new appeals to the CAFC. In addition, one determination was brought to a NAFTA panel, while two determinations were brought to the WTO for resolution. During FY 2004, GC filed 45 major briefs and represented the Commission in 18 oral arguments in matters pending before either domestic courts or NAFTA panels. GC also made numerous other filings in proceedings and appeared at panel and Appellate Body meetings in WTO disputes in which the United States was involved as a party. As of December 2004, challenges to 41 different Commission title VII determinations are pending in U.S. courts. Disputes involving eight different Commission determinations are pending before NAFTA binational panels, and disputes involving six different Commission determinations are pending before WTO panels.

The Commission charged 11.1 workyears of direct labor to import injury litigation before either domestic courts or international panels in FY 2004, which accounted for approximately 14.6 percent of the 76 direct workyears charged to all import injury investigations during that time. (See Workyears by Activity and Office - FY 2004, p. 68.)

Other Import Injury Investigations

Other import injury investigations include safeguard investigations, remands with reopened records, and changed circumstances reviews. Safeguard investigations are conducted pursuant to sections 202, 204, 406, 421, and 422 of the Trade Act of 1974; sections 302 and 312 of the NAFTA Implementation Act; and section 129(a)(4) of the URAA. In section 202 investigations, the Commission determines whether domestic industries are eligible for import relief and, if so, recommends appropriate relief action to the President. In section 204 investigations, the Commission monitors industry adjustment efforts; reports to the President on the probable economic effect of the reduction, modification, termination, or extension of any relief that is in effect; and evaluates the effectiveness of any relief provided after its termination. In remands with reopened records, the Commission reopens the record of the original investigation to collect and analyze information responsive to a remand of the Commission's determination by a court or other reviewing body. In changed circumstances reviews under section 751(b) of the Tariff Act of 1930, the Commission evaluates whether, in light of changed circumstances, material injury to a U.S. industry would likely continue, or recur, if the AD/CVD order under review is revoked.

In FY 2004, the Commission completed two investigations under the China safeguard provision, section 421 of the Trade Act of 1974. The two cases involved ductile iron waterworks fittings and innersprings. It is anticipated that no filings under section 421 will occur in FY 2005, although the level of future activity in this area is uncertain. The President has yet to provide relief under this statute.

A section 204 (end-of-relief review) investigation on steel will be instituted in FY 2005, and the Commission estimates that at least one additional safeguard case will be filed in both FY 2005 and 2006. The Commission also anticipates receiving a limited number of remands involving reopened records in both FY 2005 and 2006, as have occurred in recent years. (See Operation 1: Import Injury Investigations Caseload, p. 23.) As was the case with the midterm review on steel, the end-of-relief review will be unusually complex, covering a large

number of steel products. Again, a significant number of staff will be dedicated to this investigation during FY 2005. Commission staff charged 2.4 workyears of direct labor to other import injury investigations in FY 2004, which accounted for approximately 3.2 percent of the 76 direct workyears charged to import injury investigations during that time. (See Workyears by Activity and Office - FY 2004, p. 68.)

Resource Requirements and Workload for Import Injury Investigations

In the aggregate, Operation 1 utilized 31.1 percent of the Commission's resources in FY 2004 (see Dollar Cost: Comparison by Operation, p. 64), amounting to \$17.0 million (see Budget Summary by Operation, p. 66). In FY 2004, Operation 1 accounted for direct costs of \$9.6 million and 76 workyears (see Operation 1: Import Injury Investigations Resource Requirements, p. 22). In FY 2004, three offices together accounted for approximately 58 percent of the direct workyears. The Office of Investigations, the Office of the General Counsel, and the Office of Economics charged 20.3, 16.9, and 7 workyears, respectively, to this operation. (See Direct Labor Cost: Workyears and Dollars, p. 71.)

During FY 2004, the Commission instituted 53 grouped import injury investigations and completed 39. The Commission projects that 61 investigations will be instituted and 51 will be completed in FY 2005, and that 50 will be instituted and 58 will be completed in FY 2006 (See Summary of Import Injury Investigations, p. 23). The large increases in FY 2005 and 2006 translate into the significant increase in workyears shown in the Import Injury Investigations Resource Requirements, p. 22. As of January 4, 2005, there were 20 active import injury investigations pending at the Commission (See Import Injury Investigations Active, p. 23).

In its Performance Plan for FY 2006 (see attached), the Commission has set goals designed to improve its performance in conducting import injury investigations. The Commission regularly issues user surveys, soliciting feedback from the trade bar regarding process improvements. The Commission will seek to improve public access to information about its procedures, primarily through design and content enhancements to its website, and will insure that procedures are fair and properly implemented and proceedings are completed on time. The Office of the Chief Information Officer, including the Office of the Secretary, will continue to maintain and upgrade EDIS and will develop the necessary tools for measuring the performance of EDIS in terms of the speed with which documents are made available for viewing.

Operation 1: Import Injury Investigations Resource Requirements, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Category of Obligation	FY2004 Actual		FY2005 Estimate		FY2006 Estimate		FY2005-06 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	76	\$6,465	84	\$7,446	91	\$8,607	7	\$1,161
Personnel Benefits		1,770		2,288		2,806		518
Space Rental		1,333		1,405		1,498		93
Travel		28		39		47		8
Subtotal	76	\$9,596	84	\$11,178	91	\$12,958	7	\$1,780
B. Indirect Costs²								
Personnel Compensation	36	\$3,127	41	\$3,577	43	\$3,757	2	\$180
Personnel Benefits		934		1,310		1,398		88
Space Rental		685		758		786		28
Travel		152		216		233		17
Training		122		147		159		12
Other Services		1,529		1,687		1,713		26
Equipment and Communications		488		509		521		12
Supplies and Materials		208		255		261		6
Land and Structures		27		31		33		2
Printing and Reproduction		38		42		44		2
Miscellaneous		132		156		167		11
Subtotal	36	\$7,442	41	\$8,688	43	\$9,072	2	\$384
Grand Total	112	\$17,038	125	\$19,866	134	\$22,030	9	\$2,164

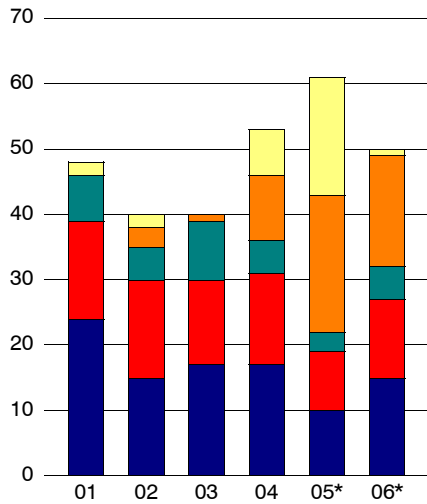
¹ Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

² Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

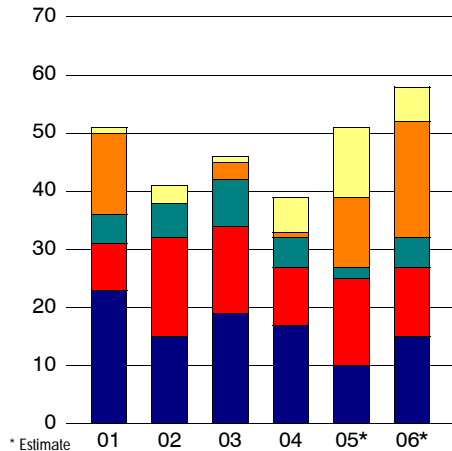
Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System.
Estimates provided by the Cost Center Managers and Office Directors.

Operation 1: Import Injury Investigations Caseload

Instituted, FY 2001-2006



Completed, FY 2001-2006



Summary of Import Injury Investigations, FY 2001-2006

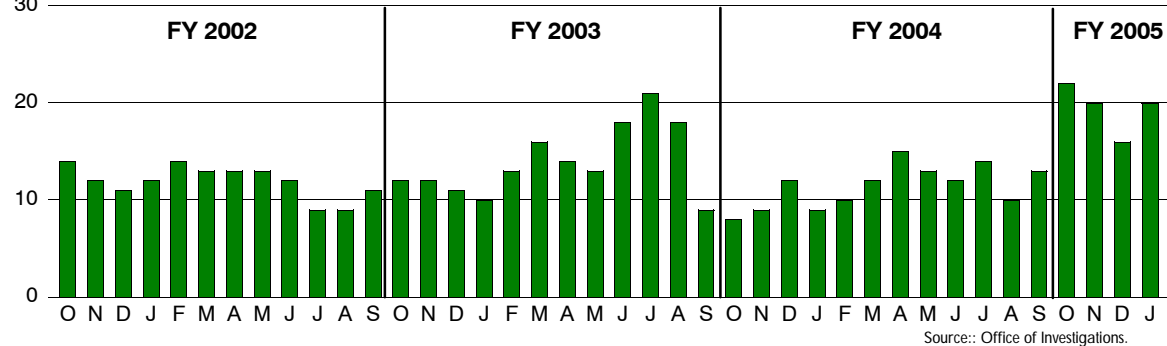
Type and status	FY 2001 actual	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 estimate	FY 2006 estimate
Import Injury Investigations						
Instituted						
Preliminary Title VII ¹	24	15	17	17	10	15
Final Title VII ¹	15	15	13	14	9	12
Other ²	7	5	9	5	3	5
Full Sunset ³	0	3	1	10	21	17
Expedited Sunset ³	2	2	0	7	18	1
Total	48	40	40	53	61	50
Completed						
Preliminary Title VII ¹	23	15	19	17	10	15
Final Title VII ¹	8	17	15	10	15	12
Other ²	5	6	8	5	2	5
Full Sunset	14	0	3	1	12	20
Expedited Sunset	1	3	1	6	12	6
Total	51	41	46	39	51	58

¹ The data shown for preliminary and final title VII investigations group antidumping and countervailing duty investigations together since these investigations generally run concurrently and are handled by the same investigative team.

² Other includes section 201 Safeguard, section 204 Safeguard review, section 421 China Safeguard, remnants with reopened records, and other investigations.

³ Does not include reviews that were terminated without Commission determination.

Import Injury Investigations Active, by months, for October 2001 through January 2005



Source: Office of Investigations.

Operation 2: Intellectual Property-Based Import Investigations

Section 337 of the Tariff Act of 1930, as amended, authorizes the Commission to investigate alleged unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale. Most of these investigations involve allegations relating to infringement of U.S. patents and trademarks. If the Commission finds a violation, it may issue an exclusion order barring the imported product from entry into the United States, and it may also direct a respondent to cease and desist from engaging in the unfair practices. The violation of a cease-and-desist order can be punished by civil penalties of up to \$100,000 a day or twice the domestic value of the articles entered or sold. The President may, for policy reasons, disapprove the Commission's exclusion and/or cease-and-desist orders within 60 days of their issuance. Commission determinations may be appealed to the CAFC.

Section 337 investigations generally are instituted after a private party files a complaint. Most phases of these trial-type investigations must be conducted in conformity with the formal adjudication provisions of the Administrative Procedure Act. The Commission is required to determine whether there has been a violation of section 337 and, if so, the appropriate remedy to be imposed. The Commission endeavors to conclude section 337 investigations as expeditiously as possible, preferably within one year of institution.

The Commission's four Administrative Law Judges, with the assistance of their staff, conduct conferences and trials, issue initial determinations, and facilitate and implement settlement agreements. The Office of Unfair Import Investigations, which represents the public interest, investigates the factual and legal basis for allegations presented in section 337 complaints, develops evidence through discovery, and participates in trials. The determinations of the Administrative Law Judges are subject to discretionary review or adoption by the Commission. GC provides advice to the Commissioners during the review process and defends the final Commission decision during any subsequent appeal.

Section 337 investigations usually involve complex factual and legal determinations. The spectrum of products and intellectual property rights that have been the subject of section 337 investigations is extremely broad. Approximately one-third of the 44 active investigations and ancillary proceedings in FY 2004

concerned products in high technology areas, especially in the computer and telecommunications fields, such as controllers used to display images on liquid crystal display monitors, recordable and rewritable compact discs, power adapters and converters for mobile electronic products, disk drives, digital image storage and retrieval devices for digital cameras and cellular phones, various memory chips and related integrated circuit devices, and processes for semiconductor fabrication. Several other investigations involved sophisticated technologies relating to items such as pharmaceuticals, medical devices used for spinal surgery, point of sale terminals, breath test systems for detecting medical disorders, and transmitters for garage door openers. Other section 337 investigations active during the year concerned bearings used in industrial applications, alkaline batteries, automotive transmission systems, and automotive measuring devices.

The Commission's section 337 caseload was heavy throughout FY 2004, with 44 active section 337 investigations and ancillary proceedings. This includes 27 investigations instituted in FY 2004 on the basis of new complaints of violations of the statute, as well as 17 investigations and ancillary proceedings that carried over from FY 2003. This level of activity constitutes more than a 75 percent increase over the number of investigations and ancillary proceedings that were active five years ago. The Commission's section 337 caseload is expected to remain heavy in both FY 2005 and 2006. Because of this increased investigative caseload, appellate litigation is also expected to increase. Operation 2 activity also includes trade remedy assistance to eligible small businesses regarding intellectual property-based import investigations. Commission staff spent 30.5 workyears on intellectual property-based investigations and litigation in FY 2004. (See Workyears by Activity and Office - FY 2004, p. 68.)

Resource Requirements and Workload for Intellectual Property-Based Import Investigations

In the aggregate, Operation 2 utilized 16.9 percent of the Commission's resources in FY 2004, (see Dollar Cost: Comparison by Operation, p. 64) amounting to \$9.3 million (see Budget Summary by Operation, p. 66). In terms of direct costs, Operation 2 accounted for \$5.4 million in FY 2004, with 40 workyears charged to it. (See Intellectual Property-Based Import Investigations Resource Requirements, p. 27.) Offices charging direct workyears to this Operation in FY 2004 included the Office of Unfair Import Investigations (12.8

workyears), the Office of the Administrative Law Judges (11.6 workyears), and the Office of the General Counsel (6.5 workyears). (See Direct Labor Cost: Workyears and Dollars, p. 71.)

The Commission projects that approximately 25 investigations and ancillary proceedings will be instituted in both FY 2005 and 2006. During FY 2004, the Commission completed 16 investigations and ancillary proceedings. The Commission projects the completion of approximately 25 investigations and ancillary proceedings in both FY 2005 and 2006. (See Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, p. 28.) In January 2005, there were 29 active section 337 proceedings pending at the Commission. (See Intellectual Property-Based Import Investigations and Ancillary Proceedings Active, p. 28.) In FY 2004, the Commission charged 28.8 workyears to intellectual property-based investigations. (See Workyears by Activity and Office - FY 2004, p. 68.)

As of the end of FY 2004, 14 appeals of section 337 determinations were pending before the CAFC. Nine other appeals were litigated to completion or voluntarily dismissed by appellants during FY 2004. The number of active appeals of section 337 determinations during FY 2004 increased approximately 43 percent over the number for FY 2003. The number of appeals currently pending reflects the increased section 337 investigative caseload that the Commission has experienced in recent years. In FY 2004, the Commission charged 1.7 workyears to section 337 appellate litigation. (See Workyears by Activity and Office - FY 2004, p. 68.)

In its Performance Plan for 2006 (see attached), the Commission has set goals designed to improve its performance in conducting Intellectual Property-Based Import Investigations. The Commission will seek to enhance the expeditious completion of proceedings, the effectiveness of the agency's orders, and the provision of information to the public about the section 337 process. The Commission will work to insure that deadlines in section 337 proceedings are met and that such proceedings are completed as quickly as possible. During FY 2005, the Commission will survey complainants who obtained outstanding exclusion orders regarding the effectiveness of those orders. The Commission will seek to improve public access to information about its section 337 proceedings, primarily through design and content enhancements to its website. The Office of the Chief Information Officer, including the Office of the Secretary, will continue to maintain and upgrade EDIS and will develop the necessary tools for measuring the performance of EDIS in terms of the speed with which documents are made available for viewing.

Operation 2: Intellectual Property-Based Import Investigations Resource Requirements, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Category of Obligation	FY2004 Actual		FY2005 Estimate		FY2006 Estimate		FY2005-06 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	40	\$3,525	43	\$4,189	43	\$4,383	0	\$194
Personnel Benefits		965		1,288		1,331		43
Space Rental		848		906		957		51
Travel		17		20		21		1
Subtotal	40	\$5,355	43	\$6,403	43	\$6,692	0	\$289
B. Indirect Costs²								
Personnel Compensation	22	\$1,528	21	\$1,787	21	\$1,809	0	\$22
Personnel Benefits		465		593		609		16
Space Rental		380		413		421		8
Travel		52		55		56		1
Training		68		70		74		4
Other Services		895		1,168		1,180		12
Equipment and Communications		275		294		301		7
Supplies and Materials		126		142		150		8
Land and Structures		17		21		22		1
Printing and Reproduction		23		25		26		1
Miscellaneous		81		96		102		6
Subtotal	22	\$3,910	21	\$4,664	21	\$4,750	0	\$86
Grand Total	62	\$9,265	64	\$11,067	64	\$11,442	0	\$375

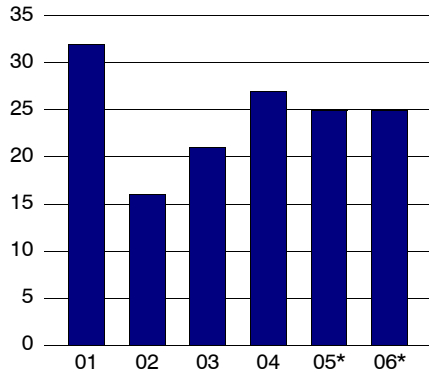
¹ Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

² Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Operation 2: Intellectual Property-Based Import Investigations Caseload

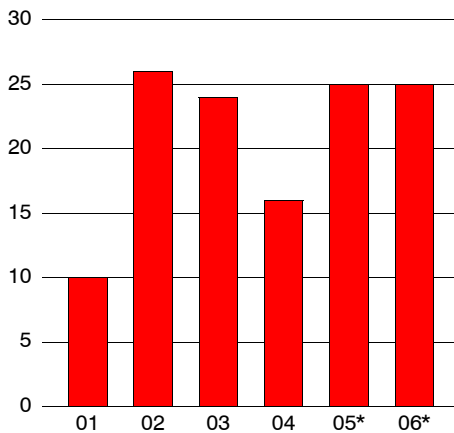
Instituted, FY 2001-2006



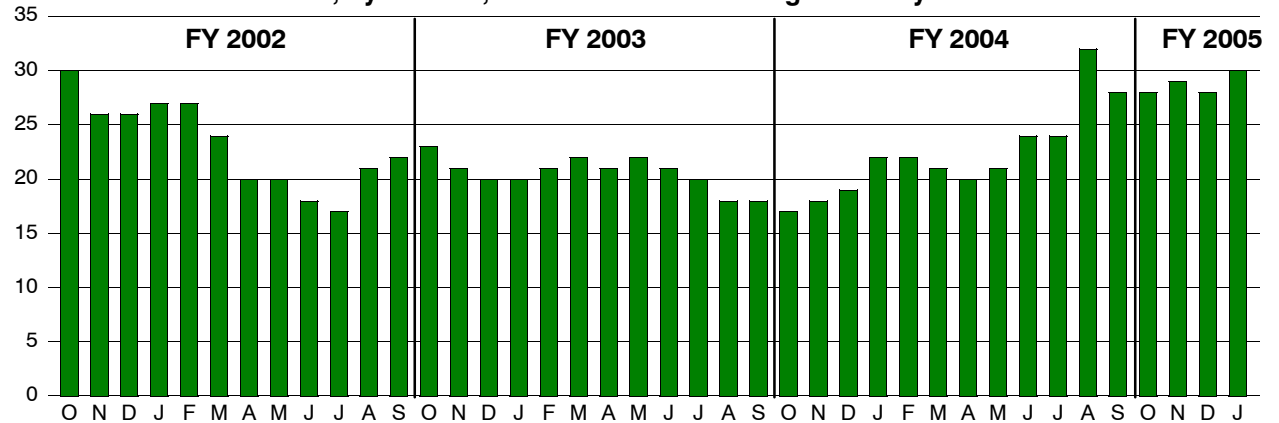
Summary of Intellectual Property-Based Import Investigations and Ancillary Proceedings, FY 2001-2006

Status	FY 2001 actual	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 estimate	FY 2006 estimate
Instituted	32	16	21	27	25	25
Completed	10	26	24	16	25	25

Completed, FY 2001-2006



Intellectual Property-Based Import Investigations and Ancillary Proceedings Active, by months, for October 2001 through January 2005



* Estimate

Source: Office of Unfair Import Investigations.

Operation 3: Industry and Economic Analysis

Industry and Economic Analysis supports trade negotiators and trade policy decision makers in the legislative and executive branches through objective and timely investigations. By maintaining the highest level of industry, economic, and regional trade expertise, the Commission has become a recognized leader in independent research and analysis of international trade. The products of Commission efforts in this Operation take two forms. In Statutory Investigations, the Commission responds to requests from the legislative and executive branches permitted or required under certain statutes. These requests result in official investigative reports that present Commission analysis and findings on the requested topic. In Other Industry and Economic Analysis, the Commission's industry and economic experts conduct research and analysis in areas of significant importance to the U.S. economy. These efforts often culminate in published staff papers and articles.

Statutory Investigations

Statutory investigations conducted by the Commission fall into three broad categories: economywide and sectoral assessments of free trade agreements; sector-specific probable economic effect investigations; and general factfinding investigations regarding trade, tariff, and competitiveness issues. These investigations typically involve public hearings; written or telephone surveys of U.S. producers, importers, and consumers; domestic and foreign fieldwork; interviews with industry, government, and academic experts; extensive literature review; and data compilation and analysis. Investigations typically last three to 12 months, but can vary considerably outside that range as a result of the complexity or urgency of the subject matter pursuant to the request. Likewise, staffing can vary considerably, from a few to 50 or more team members consisting of trade analysts, economists, and attorneys. Commission staff charged 48.2 workyears to statutory investigations in FY 2004. (See Workyears by Activity and Office - FY 2004, p. 68.)

Economywide and Selected Sectoral FTA Investigations

The Commission assesses the likely economywide and selected sectoral impact of negotiated FTAs as mandated by section 2104(f) of the Trade Act of 2002. The Trade Act of 2002 requires the Commission to analyze the economywide effects of each trade agreement negotiated under Trade Promotion Authority. USTR is required to request the study at least 90 days prior to the signing of a trade agreement. The Commission is required to submit its report to the Congress and USTR no later than 90 days after signing. Hence, these reports are often referred to as “90-90” studies.

As requested by USTR, the Commission completed four separate investigations assessing the likely economywide and selected sectoral impact of free trade agreements during FY 2004. The investigations were:

- **U.S.-Australia Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-11 (Publication 3697; May 2004)
- **U.S.-Central America-Dominican Republic Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-13 (Publication 3717; August 2004).
- **U.S.-Morocco Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-14 (Publication 3704; June 2004)
- **U.S.-Bahrain Free Trade Agreement: Potential Economywide and Selected Sectoral Effects**, Inv. No. TA-2104-15 (Publication 3726; October 2004)

Probable Economic Effect Investigations

The Commission assesses the potential impact of proposed FTAs on specific sectors of the economy and for specific line items in the HTS. These investigations are conducted primarily under the authority of section 131 of the Trade Act of 1974, section 2104(b)(2) of the Trade Act of 2002, and section 103 of the North American Free Trade Agreement (NAFTA) Implementation Act. Section 131 investigations involve line item advice for the negotiators as they prepare for the FTA negotiations. Section 2104(b)(2) investigations involve advice to negotiators regarding the impact of liberalizing trade for sensitive agricultural products. The Commission

consolidates these two investigations into one confidential national security information report to negotiators. Section 103 investigations analyze the likely effect of modifications to the NAFTA rules of origin.

As requested by USTR, the Commission completed five probable economic effects investigations assessing the potential impact of proposed FTAs during FY 2004. The Commission also completed a probable economic effects investigation regarding proposed modifications to the NAFTA rules of origin during FY 2004. Specifically, USTR requested the Commission to provide advice on the probable effect of modifying the rules of origin on U.S. trade under NAFTA, on total U.S. trade, and on domestic producers of the affected articles. The investigations were:

- **U.S.-Dominican Republic Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-free Treatment for Imports**, Inv. No. TA-131-25 and Inv. No. TA-2104-7 (Confidential report issued to USTR, December 2003)
- **U.S.-Bahrain Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-free Treatment for Imports**, Inv. No. TA-131-26 and Inv. No. TA-2104-8 (Confidential report issued to USTR, December 2003)
- **U.S.-Panama Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-free Treatment for Imports**, Inv. No. TA-131-27 and Investigation No. TA-2104-9 (Confidential report issued to USTR, April 2004)
- **U.S.-Andean Countries Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-free Treatment for Imports**, Inv. No. TA-131-28 and Inv. No. TA-2104-10 (Confidential report issued to USTR, April 2004)
- **U.S.-Thailand Free Trade Agreement: Advice Concerning the Probable Economic Effect of Providing Duty-free Treatment for Imports**, Inv. No. TA-131-29 and Inv. No. TA-2104-12 (Confidential report issued to USTR, August 2004)
- **NAFTA Rules Of Origin**, Inv. No. NAFTA-103-6 (Confidential report issued to USTR, September 2004)

General Factfinding Investigations

The Commission conducts general factfinding investigations regarding trade, tariff, and competitiveness issues pursuant to section 332(g) of the Tariff Act of 1930. This provision authorizes the President, the Congress, the House Ways and Means Committee, or the Senate Finance Committee to direct the Commission to conduct specific trade-related investigations and report its findings. The Commission also is authorized to self-initiate investigations and studies on trade matters under section 332(b). General factfinding investigations can take several forms and approaches, such as:

- Specific foreign industries or countries are examined for the purpose of identifying existing foreign trade barriers, tariff and non-tariff barriers, and compiling other background information to assist U.S. trade negotiators.
- Country monitoring and reporting is conducted on specific countries or regions with respect to economic and trade activities as specified by the requestor.
- Industry monitoring is conducted on specific industries and products with respect to trade, market share, and other factors identified by the requestor. Industry assessments are prepared to analyze specific U.S. industries and provide information regarding the conditions of competition in U.S. and foreign markets, industry profiles, trade levels and trends, government policies affecting the industry, and strengths and weaknesses relative to foreign industry.
- Customs or nomenclature analysis is prepared in order to examine current practice, seek public input, and propose alternative methods or structures in the areas of customs procedures or tariff nomenclature.

In addition, the Commission issues a report on the Operation of the Trade Agreements Program as required by section 163(c) of Trade Act of 1974. Finally, if the President requests an extension of trade promotion authority, the Commission must submit to Congress a report that reviews and analyzes trade agreements negotiated under the current trade promotion authority as required by Section 2103 of the Trade Act of 2002.

The Commission completed a number of general factfinding investigations during FY 2004 that covered a diverse range of topics, including:

- **Conditions of Competition for Milk Protein Products in the U.S. Market**, Inv. No. 332-453, (Pub. No. 3692, May 2004). As requested by the Committee on Finance, the Commission

examined the competitiveness of a variety of milk proteins in the U.S. market, focusing on milk protein concentrate, casein and caseinate, and the market for those products compared with other milk proteins, including whole milk, skim milk, dried whole milk, dried skim milk, whey, dried whey, and whey protein concentrates. The scope of the investigation covered the period 1998-2002.

- **Commercial Availability of Apparel Inputs (2003)**, Inv. No. 332-450 (Pub. No. 3677, January 2004). As requested by the USTR, the Commission provided probable economic effects advice regarding the preferential treatment for apparel made in African Growth and Opportunity Act (AGOA), Caribbean Basin Trade Partnership Act, and Andean Trade Promotion and Drug Eradication Act beneficiary countries from fabrics or yarn, which allegedly cannot be supplied by the U.S. industry. In 15 separate reviews conducted during FY 2004, the Commission provided advice of such preferential trade treatment on affected segments of the U.S. textile and apparel producers, their workers, and consumers of affected products. The Commission published a report of all reviews conducted during the calendar year 2004.
- **Solid and Hazardous Waste Services: An Examination of U.S. and Foreign Markets**, Inv. No. 332-455 (Pub. No. 3679, April 2004). As requested by USTR, the Commission provided an overview of U.S. and foreign markets for solid and hazardous waste services. The Commission examined trade and investment on solid and hazardous waste services markets, including barriers affecting such trade and investment; and discussed existing regulatory practices.
- **Express Delivery Services: Competitive Conditions Facing U.S.-based Firms in Foreign Markets**, Inv. No. 332-456 (Pub. No. 3678, April 2004). As requested by the Committee on Ways and Means, the Commission conducted an investigation on the competitive conditions in foreign markets for express delivery services (EDS). The study examined the composition of the global industry, including major market participants and factors driving change in major foreign markets, such as regulatory reform. The study also examined the extent to which competition may be affected by government-sanctioned monopolies in foreign markets and identified additional impediments to trade encountered by U.S.-based EDS providers when operating abroad. The report examined impediments over a broad range of EDS-related areas, such as freight transportation, cargo-handling, storage and warehousing, freight agency

services, telecommunication services, postal and courier services, and customs-related services.

- **Economywide Simulation Modeling: Technical Analysis of the Free Trade Area of the Americas**, Inv. No. 332-457 (Confidential report to USTR, January 2004). As requested by USTR, the Commission provided information on the economic effects of a potential Free Trade Area of the Americas (FTAA). The report provided the changes in production, trade, and prices that may be associated with an FTAA for specified sectors as estimated using the Commission's U.S. computable general equilibrium (CGE) model. The report also provided numerical trade policy shocks to be used with specified regions and sectors, as employed in a global trade CGE model. This information is to be utilized as part of an interagency effort to test the linking of large-scale economic and environmental models to aid the examination of aspects of the environmental effects of an FTAA.
- **Advice Concerning Possible Modifications to the U.S. Generalized System of Preferences, 2003 Review**, Inv. No. 332-459 (Pub. No. 3696, May 2004). As requested by USTR, the Commission provided advice concerning possible modifications to the U.S. Generalized System of Preferences (GSP), 2003 Review. The Commission provided probable effect advice as to the addition of certain HTS subheadings to the GSP, the probable effect of competitive need limit waivers on certain HTS subheadings, and the probable effect of the removal of certain HTS subheadings from the GSP.

Other Industry and Economic Analysis Activities

Industry and Economic Analysis activities also produce an extensive array of staff publications on topical trade issues, as well as presentations to many Government agencies and private groups. Commission industry analysts and research economists have an extensive knowledge of the U.S. economy and have a high level of industry, regional, and economic expertise and frequently provide trade policymakers in the executive and legislative branches with informal assistance and counsel. These efforts are intended to keep the Commission and trade policymakers informed of the latest developments potentially affecting the United States in the international trade arena. Preparation of trade publications and formal presentations and participation in informal supporting activities is essential to maintaining staff knowledge, skills, and abilities. In FY 2004, Commission staff charged 25 workyears to these activities. (See Workyears by Activity and Office - FY 2004, p. 68.)

Staff publications include *Industry and Trade Summaries*, *International Economic Reviews*, *Industry Trade and Technology Reviews*, and staff research papers, working papers, and research notes. Using these various reporting modes, staff produced 32 research articles and staff reports, and gave 61 presentations during FY 2004. The Commission employs numerous analytical approaches including statistical, econometric, and simulation analyses, as well as survey methods, to analyze the effects of any changes in U.S. trade policies on the U.S. economy. The Commission occasionally uses contract resources to supplement in-house resources to keep its modeling capabilities and databases current. Commission staff maintain a very high level of knowledge in their respective portfolios by attending conferences, as well as conducting field work to obtain information from primary sources.

Maintaining a robust research and monitoring capability and developing expertise in a variety of emerging trade areas insures that the Commission is able to provide formal reports to USTR and Congress on relatively short notice, thereby meeting increasingly time-sensitive demands of trade policymakers. For example, ongoing research and monitoring of U.S.-China trade relations allows Commission staff to respond promptly and authoritatively to legislative and executive branches requests for data and analysis on this issue. Another example of Commission investment in this area is the development of a knowledge base concerning the U.S. high technology sector and its performance relative to emerging competitors, such as China and India. Future efforts will focus on biotechnology and nanotechnology. Similarly, staff research and analysis conducted on the global environmental services markets allowed the Commission to provide direct support to USTR on the

Doha Ministerial Declaration regarding such services and enabled the Commission to promptly generate formal reports to USTR on solid and hazardous waste services and remediation services. Ongoing staff research also enabled the Commission to provide a quick response to the Congressional request for information on the production capabilities in the United States and Sub-Saharan Africa for textiles and apparel in general and for selected apparel components, in connection with Congressional consideration of the AGOA III legislation.

The expertise and knowledge depth developed by staff through working on these types of studies is used extensively in support of Operations 1, 4, and 5, as well as for Commission reports generated in Operation 3. Commission staff frequently are called upon to provide timely assistance to the legislative and executive branches in the form of staff-to-staff assistance. They also serve as in-house experts on the various import injury investigations conducted by the Commission.

Workload Expectations in FY 2005 and 2006

During the first quarter of FY 2005, the Commission received requests from USTR for probable effect advice (sections 131 and 2104(b)(2) of the Trade Act of 2002) on FTAs with Oman and United Arab Emirates. Other investigations scheduled to be completed during FY 2005 cover topics such as the modifications to the NAFTA rules of origin, Foundry Products, Air and Noise Pollution Abatement Services, Logistic Services, Export Opportunities and Barriers in AGOA-eligible countries, and Commercial Availability of Apparel Inputs. In FY 2005 and 2006, the Commission anticipates additional investigations related to Trade Promotion Authority and the specific requirements for advice contained in section 2104(f) of the Trade Act of 2002. The Commission anticipates receiving requests for the assessment of FTAs with Andean Countries, Oman, Panama, Thailand, and United Arab Emirates during FY 2005.

Resource Requirements and Workload for Industry and Economic Analysis

In the aggregate, Operation 3 utilized 35.4 percent of the Commission's resources in FY 2004 (See Dollar Cost: Comparison by Operation, p. 64) amounting to \$19.4 million (see Budget Summary by Operation, p.

66). In terms of direct costs, Operation 3 accounted for \$10.2 million in FY 2004, with 94 workyears charged to it. (See Industry and Economic Analysis Resource Requirements, p. 38.) The Office of Industries, the Office of Economics, and the Office of the Chief Information Officer together accounted for 85 percent of the direct workyears charged to this operation in FY 2004, with 48.2, 18.3 and 13.0 workyears, respectively. (See Direct Labor Cost: Workyears and Dollars, p. 71.) Studies produced under Operation 3 are conducted primarily by (1) industry analysts in the Office of Industries who specialize in commodity areas such as agriculture and forest products, textiles, electronics, transportation, chemicals, minerals and metals, and services; and (2) economists in the Office of Economics with regional or analytical specialties.

During FY 2004, the Commission completed 16 investigations and instituted 16 new investigations. The Commission projects 16 new investigations will be instituted annually in FY 2005 and 2006. These investigations will come from scheduled WTO activity in services and other areas, increased emphasis on bilateral FTAs, and a continuing demand for industry specific investigations. During FY 2004, the Commission produced 15 (and published nine) nonrecurring investigative reports and nine recurring investigative reports. (See Operation 3: Industry and Economic Analysis Caseload, p. 39.) Twenty-three investigations were active during the first quarter of 2005 (including 9 recurring investigations).

As reflected in its Performance Plan for FY 2006 (see attached), the Commission's goal is to provide sound research products in an objective and timely manner that lead to more informed public debate, improved decision making by trade policymakers, and better trade policies. In order to meet the expressed needs of our customers, Commission staff will seek to (1) establish procedures to validate the Commission general equilibrium models and follow-on research products to improve model performance; (2) integrate non-tariff measure estimates into the agency's quantitative analysis that will, among other things, enumerate, describe, and, where possible, quantify global non-tariff barriers to trade; (3) analyze changes in productivity due to new manufacturing processes in certain industries; (4) develop and utilize new tools/databases related to at least two sectors of trade negotiations; and (5) increase the use of the Commission's website during investigations to provide the public with additional information on investigation status, links to background information, and ways to participate in the investigations, as well as incorporate changes discerned from web-based surveys that will improve customer satisfaction with the site.

Operation 3: Industry and Economic Analysis Resource Requirements, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Category of Obligation	FY2004 Actual		FY2005 Estimate		FY2006 Estimate		FY2005-06 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	94	\$7,061	94	\$7,259	94	\$7,461	0	\$202
Personnel Benefits		1,933		1,980		2,042		62
Space Rental		1,160		1,247		1,334		87
Travel		42		47		51		4
Subtotal	94	\$10,196	94	\$10,533	94	\$10,888	0	\$355
B. Indirect Costs²								
Personnel Compensation	53	\$4,324	53	\$4,551	51	\$4,513	-2	\$(38)
Personnel Benefits		1,301		1,439		1,422		-17
Space Rental		520		571		569		-2
Travel		109		114		123		9
Training		162		198		211		13
Other Services		1,642		1,982		2,009		27
Equipment and Communications		538		548		557		9
Supplies and Materials		309		342		360		18
Land and Structures		41		46		49		3
Printing and Reproduction		56		60		63		3
Miscellaneous		197		216		216		0
Subtotal	53	\$9,199	53	\$10,067	51	\$10,092	-2	\$25
Grand Total	147	\$19,395	147	\$20,600	145	\$20,980	-2	\$380

¹ Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

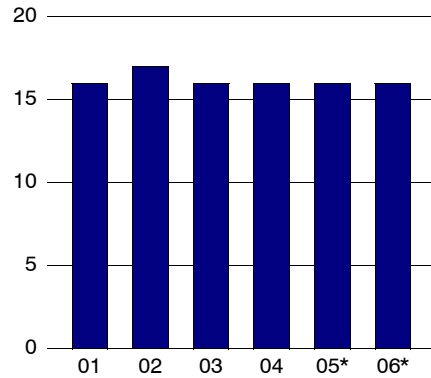
² Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Operation 3: Industry and Economic Analysis

Investigations Caseload¹

Instituted, FY 2001-2006

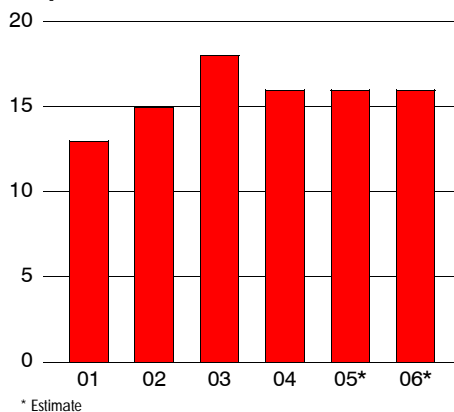


Summary of Investigations by Fiscal Year

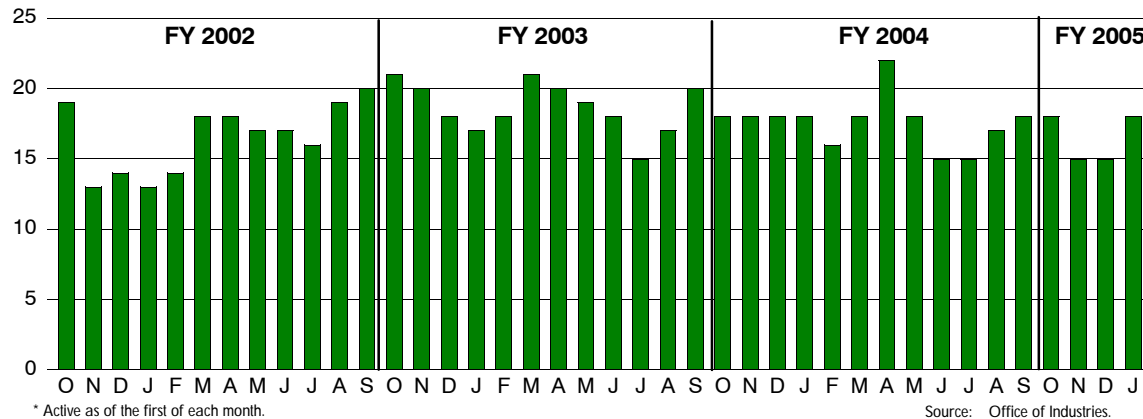
Status	FY 2001 actual	FY 2002 actual	FY 2003 actual	FY 2004 actual	FY 2005 estimate	FY 2006 estimate
Instituted	16	17	16	16	16	16
Active ¹	34	36	37	34	37	37
Completed	13	15	18	16	16	16

¹ Two investigations were inactive during FY 2002 through 2003 and three during FY 2004 through January 2005.

Completed, FY 2001-2006



Active* Investigations by Month for October 2001 through January 2005



¹ Includes investigations conducted under section 332 of the Tariff Act of 1930, sections 103, 131, and 163(c) of the Trade Act of 1974 and section 2104 of the Trade Act of 2002.

Operation 4: Trade Information Services

Trade Information Services include such activities as maintenance of the HTS, the online interactive DataWeb, preparation of legislative reports for Congress, and trade database management for the Commission. Other trade information services requiring Commission resources include contributions to the development of the International Trade Data System (ITDS), maintenance of U.S. commitments under Schedule XX of the General Agreement on Tariffs and Trade/World Trade Organization (GATT/WTO), maintenance of the electronic version of the U.S. Schedule of Services Commitments under the General Agreement on Trade in Services (GATS), preparation of the electronic database that supports U.S. submissions to the WTO Integrated Database, and related information gathering, processing, and dissemination activities.

Maintenance of the Harmonized Tariff Schedule of the United States (HTS)

The HTS is a comprehensive list of duties imposed on commodities imported into the United States. The Harmonized Tariff Schedule of the United States Annotated (HTSA) consists of the HTS, its statistical annotations, and other related information. The HTS is used by U.S. Customs and Border Protection (Customs) to assess duties on imports and by economists and industry analysts as a statistical tool for tracking imports. Maintenance of the HTS includes several closely related functions:

- participating in the work of the Harmonized System Committee, its Review Subcommittee, and the Scientific Subcommittee of the World Customs Organization in maintaining the international harmonized system of tariff nomenclature as directed by section 1210 of the Omnibus Trade and Competitiveness Act of 1988 (the 1988 Act); a Commission staff member currently chairs the Harmonized System Committee, and another staff member leads the U.S. Delegation to the Review Subcommittee;
- fulfilling the Commission's responsibilities for statistical annotation of the HTS, in coordination with Customs and the Bureau of the Census, under section 484 of the Tariff Act of 1930;

- publishing the HTS as required by section 1207 of the 1988 Act; and
- providing technical support to the USTR on Presidential proclamations concerning bilateral trade agreements.

The Commission also prepares the list of U.S. commitments under Schedule XX of the GATT/WTO (i.e., U.S. tariff concessions with respect to trade in goods) in the appropriate legal language conforming to the international Harmonized System of tariff nomenclature.

In accordance with section 1207 of the 1988 Act, the Commission publishes annual hardcopy and CD-ROM editions of the HTSA, posts an electronic version on its website, and provides a web link to purchase a CD-ROM version from the Government Printing Office. As a rule, a new HTSA is published at the beginning of each calendar year. The 2005 edition of the HTSA was published and posted on the Commission website on January 1, 2005.

During the year, usually in late summer, the Commission also publishes one or more hardcopy supplements to the HTSA to reflect any amendments arising during the calendar year. However, all updates are posted immediately on the Commission website. When amendments or modifications to the HTSA are proclaimed or ordered by the President, enacted by the Congress, or adopted by the Committee for Statistical Annotation of the Tariff Schedule, they are incorporated into the online version within one or two working days in most cases. In 2004, a hard copy supplement, effective July 1, 2004, was issued primarily to reflect the annual GSP review.

Immediate access to the up-to-date HTSA online has proven to be very useful to Commission staff, as well as to both Customs and the trade community in general. This utility is enhanced by the fact that the product is viewable and searchable and is available for downloading by individual HTSA chapter. The Commission also provides the HTSA in specialized formats for use in an HTS Reference Portal on the new Automated Commercial Environment (ACE) at Customs for direct use by the trade and government officials at the ports. The Commission is working to streamline the production of the HTS and enhance the internet display by testing new software products for this application.

During FY 2004, the Commission provided substantial technical assistance in support of USTR's efforts to negotiate FTAs with Bahrain, Morocco and Australia, including drafting rules of origin and staged duty rate tables for each agreement. The Commission also provided technical advice to USTR on updating the rules of origin applicable to the NAFTA. It is expected that Commission activity in this context will continue to be

substantial in FY 2005, in light of ongoing USTR negotiations with Central American countries, Oman, the United Arab Emirates and others.

The Commission spent 5.7 workyears on the HTS and nomenclature activities in FY 2004. (See Workyears by Activity and Office - FY 2004, p. 68.)

Interactive Tariff and Trade DataWeb (DataWeb)

The DataWeb gives government officials, the international trade community, and the general public direct access to U.S. tariff and trade data. Via the Internet (<http://dataweb.usitc.gov>), the DataWeb is self-service, interactive, and able to respond rapidly to user-defined queries. The system allows both expert and nonexpert users to make and save their own customized country and product data for future use. The system guides users through the numerous options available in working with tariff and trade data, allowing them to construct complex queries against hundreds of tables. DataWeb adds business value by integrating up-to-date international trade transactions with complex tariff and customs treatment. It also provides information to users regarding the relationship between the HTS and other classification systems such as Standard Industrial Classification, Standard International Trade Classification, or North American Industrial Classification System.

System usage has grown substantially from its inception in April 1999, increasing from 319,000 data reports in FY 2000 to more than 837,000 data reports in FY 2004 (see Figure 1 below). The system now has over 76,000 registered users and has delivered over 3.2 million data reports electronically. Although use by the general public has shown the most growth, government staff use the system extensively and account for 21 percent of the reports generated (see Figure 2 below). The continuation of this public service will ensure DataWeb access on a self-service basis to Government, nonprofit institutions, and the general public free of charge.

The Commission estimates the operational and maintenance costs for DataWeb and related trade data systems at \$465,000 in FY 2005 and \$500,000 in FY 2006 and 2.5 workyears. Support and maintenance efforts for DataWeb are supplemented by contractors as part of the Commission's FAIR Act efforts.

Figure 1
Commission DataWeb Performance

Data Reports to All Users: FY 2000—2004

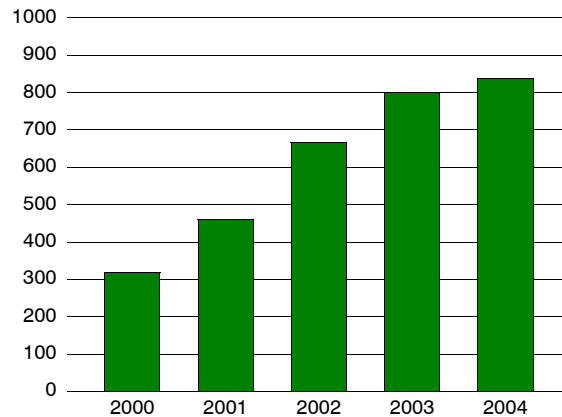
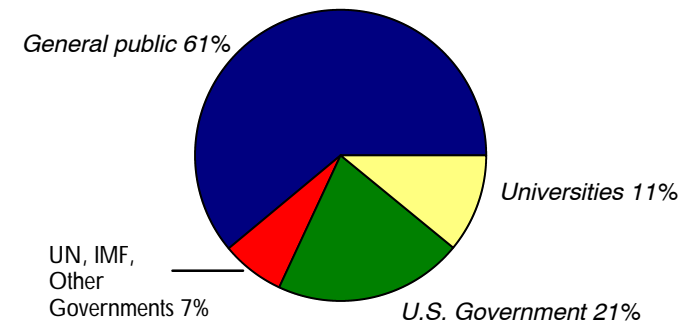


Figure 2
Reports Generated
April 1999-December 2005

DataWeb Total Reports = 3,363,599



Source: Office of Operations

International Trade Data System (ITDS)

Commission staff participate in a multiagency initiative to develop a Governmentwide system for the electronic collection, use, and dissemination of international trade and transportation data. ITDS will provide the means for harmonizing and consolidating into a single data system all import and export data required for port clearance, as well as data needed to support analyses of trade policy development and trade promotion by government agencies. In addition, ITDS will provide the trading public with a “single-window” for reporting foreign trade transactions to the U.S. Government. The system is being developed in conjunction with the development of Customs’ new automated processing system, ACE. Until the end of calendar year 2004, the Director of the Office of Tariff Affairs and Trade Agreements chaired the interagency board of directors responsible for developing the ITDS. A Commission staff member chairs the data harmonization committee and serves as deputy on implementation issues for meeting ITDS objectives.

Legislative Reports

The House Committee on Ways and Means and the Senate Committee on Finance regularly ask the Commission for comments on legislation, primarily reports on miscellaneous tariff bills that (1) include revenue estimates for the Congressional Budget Office and (2) provide tariff nomenclature and technical drafting assistance. The Commission staff routinely prepares such draft reports and information on tariff bills in anticipation of Congressional consideration. The extent of resources devoted to this activity during FY 2006 will depend largely on the number of new miscellaneous tariff bills introduced during the 109th Congress. The Commission spent 2.1 workyears on legislative reports. (See *Workyears by Activity and Office - FY 2004*, p. 68.) This effort included preparing reports on more than 100 new bills, as well as providing technical review on an omnibus trade bill that had been pending since early 2003 and was finally enacted in November 2004.

Resource Requirements for Trade Information

In the aggregate, Operation 4 utilized 7.6 percent of the Commission's resources in FY 2004 (See *Dollar Cost: Comparison by Operation*, p. 64), amounting to \$4.1 million (see *Budget Summary by Operation*, p. 66). In terms of direct costs, Operation 4 accounted for \$2.5 million in FY 2004, with 13 workyears charged to it. (See *Trade Information Services Resource Requirements*, p. 45.) Providing timely and accurate trade information services to Commission customers requires coordination and effort across Commission organization lines. Expertise is provided by nomenclature analysts and attorneys in the Office of Tariff Affairs and Trade Agreements; analysts in the Office of Industries; and various staff from the Offices of the Chief Information Officer, the General Counsel, and Operations. The Office of Tariff Affairs and Trade Agreements and the Office of Industries accounted for about 76 percent of the direct workyears charged to this operation in FY 2004 with 6.8 and 3.0 direct workyears, respectively. (See *Direct Labor Cost: Workyears and Dollars*, p. 71.)

In its Performance Plan for FY 2006 (see attached), the Commission has set goals designed to improve its performance in providing trade information services. The Commission will seek to increase the utility of various trade information services by providing timely and effective nomenclature and other services to the legislative and executive branches. Information technology activities will play an important role in the Commission fulfilling its goals for the delivery of trade information services.

Operation 4: Trade Information Services Resource Requirements, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Category of Obligation	FY2004 Actual		FY2005 Estimate		FY2006 Estimate		FY2005-06 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	13	\$1,805	13	\$1,927	13	\$2,047	0	\$120
Personnel Benefits		494		529		569		40
Space Rental		225		274		325		51
Travel		6		7		8		1
Subtotal	13	\$2,530	13	\$2,737	13	\$2,949	0	\$212
B. Indirect Costs²								
Personnel Compensation	7	\$757	7	\$841	7	\$849	0	8
Personnel Benefits		223		268		273		5
Space Rental		101		129		141		12
Travel		15		28		30		2
Training		28		37		39		2
Other Services		307		404		426		22
Equipment and Communications		94		103		131		28
Supplies and Materials		43		55		61		6
Land and Structures		6		9		9		0
Printing and Reproduction		9		11		14		3
Miscellaneous		27		33		36		5
Subtotal	7	\$1,610	7	\$1,918	7	\$2,009	0	\$91
Grand Total	20	\$4,140	20	\$4,655	20	\$4,958	0	\$303

¹ Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

² Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System.
Estimates provided by the Cost Center Managers and Office Directors.

Operation 5: Trade Policy Support

The Commission supports trade policymakers in the legislative and executive branches by providing technical expertise, accurate information, and objective analysis on international trade issues. It offers technical advice in the form of research, drafting legislation, conducting informal briefings and meetings, and testifying at Congressional hearings. The Commission has developed the capability to provide quick response research for the legislative and executive branches on trade issues in the form of staff-to-staff assistance. The Commission also drafts Presidential proclamations and other Presidential documents (e.g., Executive Orders and Presidential memoranda), as well as final decisions by various agencies that modify the HTS to implement Congressional legislation or trade policy decisions by the legislative and executive branches. This activity encompasses support for U.S. trade policy formulation and U.S. representation in international fora.

In FY 2004, the Commission actively engaged in providing technical advice and assistance to USTR, interagency committees, and U.S. delegations to multilateral organizations in 73 different issue areas. Commission assistance focused on providing support to nine FTA negotiations, NAFTA related activities, and issues relating to the monitoring and enforcement of trade agreements, such as China Safeguards. Staff also provided substantial support in connection with the WTO Doha negotiations.

Commission staff also provided substantial assistance to Congressional committees in a broad range of issue areas, as Congressional committees considered policy issues such as (1) the FTAs with Central America/Dominican Republic, Panama, Andean Countries, Thailand, Morocco, Australia, Bahrain; and (2) extension and enhancement of the Africa Growth and Opportunity Act (AGOA). The Commission provided information on product sector issues as varied as aluminum, ethanol, television components, mechanics' gloves, textile, footwear, sugar and metal castings. The Commission also addressed a number of regional issues such as apparel trade with Mexico and with Haiti. The largest concentration of assistance to Congress was responding to Congressional correspondence and inquiries, addressing requests for data and analysis pertaining to various legislation and diverse sectoral issues.

WTO trade liberalization negotiations, the increased pace of FTA negotiations, monitoring China's compliance with WTO commitments, and various other emerging trade issues likely will result in increasing demand for the Commission's technical advice and assistance to policymakers in the legislative and executive branches in FY 2005 and 2006.

Resource Requirements for Trade Policy Support

In the aggregate, Operation 5 utilized 7.8 percent of the Commission's resources in FY 2004, (See Dollar Cost: Comparison by Operation, p. 64) amounting to \$4.3 million (see Budget Summary by Operation, p. 66). In terms of direct costs, Operation 5 accounted for \$2.8 million in FY 2004, with 16 workyears charged to it. (See Operation 5: Trade Policy Support Resource Requirements, p. 48.) In FY 2004, Tariff Affairs and Trade Agreements and the Office of Industries accounted for most of the direct workyears charged to this operation. (See Direct Labor Cost: Workyears and Dollars, p. 71.) As noted, this Operation represents one component of the Commission's overall support for trade policymakers and negotiators as discussed in Operations 3 and 4 above.

As reflected in its Performance Plan for FY 2006 (see attached), the Commission will attempt to enhance its performance in the provision of trade policy support. To accomplish this, the Commission has set goals for expanding the level and scope of support provided to the legislative and executive branches, for seeking and improving feedback from customers, and for enhancing the provision of technical support via electronic means.

Operation 5: Trade Policy Support Resource Requirements, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Category of Obligation	FY2004 Actual		FY2005 Estimate		FY2006 Estimate		FY2005-06 Change	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
Personnel Compensation	16	\$2,007	16	\$2,197	16	\$2,367	0	\$170
Personnel Benefits		549		583		617		34
Space Rental		199		224		257		33
Travel		7		9		10		1
Subtotal	16	\$2,762	16	\$3,013	16	\$3,251	0	\$238
B. Indirect Costs²								
Personnel Compensation	9	702	9	\$807	9	\$858	0	\$51
Personnel Benefits		212		236		259		23
Space Rental		89		102		120		18
Travel		18		21		21		0
Training		29		31		32		1
Other Services		278		339		341		2
Equipment and Communications		92		112		110		-2
Supplies and Materials		53		60		62		2
Land and Structures		7		9		9		0
Printing and Reproduction		10		15		13		-2
Miscellaneous		34		39		36		-3
Subtotal	9	\$1,524	9	\$1,771	9	\$1,861	0	\$90
Grand Total	25	\$4,286	25	\$4,784	25	\$5,112	0	\$328

¹ Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

² Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System.
Estimates provided by the Cost Center Managers and Office Directors.

Information Technology (IT) Activities

The Commission is an information intensive enterprise. Its core competency is the collection, analysis, dissemination and stewardship of data, information, knowledge, and processes that can be used in trade analysis, investigations, and other operations. IT tools and systems help the Commission continue to improve program performance in a cost-efficient manner and meet agency and customer needs in both the short- and long-term. The Commission plans investments in IT systems that will achieve goals defined in the Strategic Plan and in IT and other infrastructure needed to support those strategic systems. The Commission has four IT Strategic Goals. They are (1) improve data and information collection; (2) simplify access to information, products and services; (3) protect and secure information assets; and (4) provide the workforce with IT skills and solutions. While potential cost savings are most desired and welcomed, improved delivery of top quality service is the driving force behind the Commission's IT modernization program.

The Commission will continue to mirror the Governmentwide vision for improved electronic services to citizens, businesses, and other stakeholders. The Commission strives to manage change and deliver cost-effective IT solutions. Our IT strategy focuses on incrementally and continuously improving the agency's technology infrastructure and ensuring that Commission staff are trained and equipped with the IT tools needed to accomplish the agency's mission. At the most basic level, the Commission's business requirements create and drive IT solutions. IT products and services are carefully identified, procured and deployed in a manner that ensures that each is aligned with, and supports, the agency's goals and business and user needs.

In the short-term, IT can enable fundamental changes in business and work practices that will provide better, cheaper, faster and easier-to-use products and services in all Commission operations and boost customer satisfaction; reduce paperwork burden and save resources in areas such as postage and printing; provide employees with the tools they need to do their jobs at a high level along with the ability to work collaboratively from different locations; and produce budgetary savings through the purchase of standard off-the-shelf software to meet Commissionwide needs. In the long-term, IT can fundamentally change the relationship between the providers and users of Commission products and services; break down obsolete bureaucratic barriers between operations; provide for rationalization where desired and practicable; and help document the Commission's organization, operations and strategies.

As noted previously, the Commission is preparing for an anticipated cyclical increase in its investigative caseload and will be allocating marginally increased resources for additional staff to meet that caseload in FY 2005 and 2006, should that be necessary. In the prior three years, when the cyclical caseload was at relatively lower levels, the Commission focused available resources on needed infrastructure projects. In FY 2002, the Commission replaced EDIS with a new, more robust system. In FY 2003, the Commission replaced its aging local area network (LAN) and contracted for network administration and helpdesk support services. In FY 2004, the Commission re-engineered its website, replacing it with an enterprise portal; replaced network switches and wiring to improve LAN performance; and upgraded desktop hardware.

No major new IT projects or acquisitions are planned for the FY 2005-2006 period. Rather, the Commission will focus IT resources on implementing, maintaining, and enhancing those systems that it acquired during FY 2002-2004 and continuing to provide IT solutions and support for general administrative systems, such as telecommunications, payroll, accounting, procurement, and personnel systems. Of particular note, during FY 2005 the Commission must make a determination regarding the methodology it will use for e-authentication. Such a decision and a working methodology is a prerequisite to the receipt and dissemination of confidential business information and other sensitive information over the Internet. Full implementation of the Commission's electronic docket and enterprise portal projects is dependent on robust information security measures such as this. The costs of e-authentication could be significant, depending on the methodology the Commission chooses to employ.

Major Ongoing Information Technology Initiatives

Next-Generation Electronic Document Imaging System (EDIS)

In January 2003, the Commission completed replacement of EDIS. EDIS provides for the electronic filing of case documents and serves as the central repository for the Commission docket for all Commission investigations. The system facilitates a more efficient and effective way of collecting information and improves customer ease and access to that information. Through planned improvements in security and its search and retrieval capabilities, Commission staff and the public will be able to get the information they need

much faster and easier. The replacement of the EDIS legacy system also helps the Commission achieve GPEA goals, including the option to file documents electronically and make Commission records available over the Internet.

Progress to date fulfills the Commission's initial goals of providing an electronic option for information exchange between the Commission and the public; providing real-time access to information and updates via the Internet for both internal and external users; improving the usability and accessibility of the Commission docket by attorneys and other researchers; and providing for the electronic filing of documents via the Internet. Progress toward full implementation of the new system slowed somewhat during FY 2004 due to multiple acquisitions of the supporting vendor by other companies, and the resulting contractual delays as the new corporate structures took shape. Once those changes were finally completed, security problems were discovered with the underlying software that required immediate attention, delaying the schedule for enhancements. The Commission is now proceeding with scheduled enhancements that include allowing the electronic submission of confidential documents. Plans are also underway to make an agencywide decision on an e-authentication methodology in FY 2005 so that it can develop a means to validate user identity before providing access to confidential documents.

EDIS primarily supports Import Injury Investigations and Intellectual Property-Based Import Investigations activities, with some benefit to Industry and Economic Analysis. Planned enhancements will focus on improving system work flow that will reduce the time it takes to make documents available to the public; implementing security features that will allow the transmission of confidential documents and manage access to confidential documents; enhancing ease of use with improved search capabilities for public users; and providing quarterly performance reports on the utilization and efficiency of the system and supporting work processes. The FY 2002 acquisition cost of the new system, including project management expenses, was approximately \$1.7 million. Recurring annual costs for supporting and enhancing the new EDIS are approximately \$650,000. The Commission has approximately eight FTEs dedicated to the docket function.

Replacement of ITC-NET and Infrastructure Upgrades

The core software that ran the ITC-Net since the mid-1980s was replaced beginning in FY 2003. ITC-Net is the backbone system that supports all Commission computer operations. It provides basic computer services (desktop and laptop hardware and software with help desk support), connectivity to agencywide systems and

the Internet, and support services like security and data recovery. The new network helps meet GPEA goals, effectively supporting routine Commission operations, providing an enhanced capability for mobile/remote computing, and improving information security. The FY 2003 costs of network replacement were approximately \$1.5 million. During FY 2004, additional network changes were implemented, wiring and switches throughout the building were replaced, and desktop hardware was upgraded for all staff at a cost of about \$1.4 million.

The new ITC-Net brings new hardware and a new suite of software to the technology tools the Commission has made available to the workforce. ITC-Net also supports a massive inventory of specialized software for indexing, modeling and case management. Enhancements to ITC-Net include higher-speed connections between desktops and servers for the internal network. The current goal for network support services is to provide necessary, and to the extent possible, standardized tools that are common to all Commission users. This approach conveys a number of benefits: more efficient support and maintenance, greater interoperability and less network conflict, and lower license fees. The recurring annual costs of ITC-Net are approximately \$1.3 million, principally for helpdesk services, software licensing, equipment maintenance, and hardware replacement. The Commission charges about five FTEs to managing this activity annually.

Website Redesign and the Enterprise Portal

For FY 2004 through 2006, the Commission set the ambitious goal of re-engineering all internal and external websites into an enterprise portal. A portal is a single web location or address where customers can access the web-based services and information most important to them. The revised website includes improvements in search capability, navigation, and content organization. The primary business objective of this initiative is to increase the availability of, and broaden access to, the information and services that the Commission makes available online to the general public and to Commission employees. A second objective of the portal is to allow customers to find relevant Commission information faster and more efficiently than previously.

The Enterprise Portal has been built using a commercial off-the-shelf content management system (CMS). The portal, from the content provider perspective, functions as a full-featured CMS allowing non-technical Commission users to put content online quickly and easily and with minimal or no technical skills. A CMS is a system that contains a suite of tools that allows staff to manage, maintain, update and change the content of a website. These systems use templates to ensure that pages display a consistent look throughout the site. A

content management approach conveys many specific benefits. The Commission's website, from the visitor's perspective, will function like a web directory, whose main purpose will be to allow users to search for and access content, information and services offered online by the Commission.

During FY 2004, the Commission completed the initial phase of the portal initiative, with an overhaul of our website, including the implementation of a search engine and the reorganization of the navigational structure to increase its usability. This phase will be followed in FY 2005 by the first stage implementation of a content management system intended to improve management of information collected and disseminated by the agency. With the goal of reducing the complexity of the Commission's IT architecture, as the Enterprise Portal project moves forward, the Commission will investigate and test the possibility of integrating EDIS functionality into the CMS. Complex infrastructures, including applications like EDIS and the CMS can be hard to manage and are only made more complex if dissimilar standards and incompatible environments are used by the two systems. It is the Commission's goal to streamline platforms and applications that require a wide variety of hardware, software and skill sets into a more integrated and cost-effective IT architecture that can draw upon standardized skills and resources. The Commission has four FTEs assigned to the web team and provides about \$1.0 million annually in services and equipment to this effort.

Information Security Efforts

Data security is a top priority for the Commission as it expands access to information and computer-based services for its broad spectrum of customers and stakeholders. The Commission's basic network services provide firewalls, intrusion detection, SPAM filters and up-to-date antivirus software. The Commission has an excellent record for protecting its information assets and avoiding work disruption or losses because of cyber threats, and the Commission is building on that record by incorporating security considerations into its new projects as well as existing systems.

The Commission's efforts to provide users with the option of conducting transactions electronically involving confidential business information is wholly dependent on a robust information system security program. Users want assurances that their data are not only safe from hackers and competitors, but that such information is also protected from inadvertent disclosure and employees who are not authorized to access this information. During FY 2005, the Commission must determine what type of e-authentication methodology it will employ to facilitate these types of transactions. The more rigorous types of e-authentication could require significant investment of Commission resources.

The Information Security Officer is active in moving the Commission toward full compliance with the Federal Information Security Management Act. To effect that result, the Commission has budgeted \$425,000 in FY 2005 and \$435,000 in FY 2006 specifically for security program planning, evaluation, and reporting. Significant additional funds are incorporated into the plans for all major IT projects and systems to provide for security of those systems against both external and internal threats. The Commission charges about one FTE to information security activities annually. An additional staff position is being created for the Office of the Chief Information Officer that will be dedicated to information security efforts. It is clear that a long-term increase in resources and management attention in this area will be required to assure our mission and strategic goals for improved performance are not compromised.

Indirect Costs

Indirect costs consist of costs that are not directly attributed to the five operations. Most indirect costs are allocated to the five operations by one of two formulas. For offices that charge time directly to one or more operations, administrative costs are allocated based on the proportion of direct labor charged to each operation by that office. These costs are referred to as operating administrative costs. For offices that do not charge time to any operation, administrative costs are allocated based on the agencywide average allocation. These costs are referred to as general administrative costs.

General administrative costs include the costs of the Office of Administration, and the subordinate offices of Finance, Facilities Management, and Human Resources. They also include administrative legal advice provided by the GC. General administrative costs are less than seven percent of total labor costs. (See Total Labor Cost/Workyears by Office, p. 72.)

The Office of Administration compiles the Commission's annual budget, prepares the appropriation and authorization requests, and closely monitors budget execution. The Commission's strategic budgeting approach encompasses all phases of the budget development process, including justifying requests for staff, services, and information technology through linkage to strategic goals. The format of the Budget Justification continues to parallel the Strategic Plan and addresses the annual Performance Plan. The Office of the Director of Administration is allocated five full-time permanent positions in the Commission's FY 2005 Staffing Plan. (See Staffing Plan, p. 70.)

The Office of Finance provides professional financial services that ensure proper stewardship of the Commission's resources in carrying out its statutory responsibilities. These services include the operation of the accounting system (including payroll, obligations, disbursements, reporting, and travel). The Office of Finance has supporting liaison responsibilities with the Department of Treasury and other Federal agencies on financial matters. The Office of Finance prepared the first set of audited statements in eight years for FY 2004 as required by the Accountability for Tax Dollar Act of 2002. The statements received an unqualified opinion from the Office of Inspector General. No material weaknesses were identified in the Commission's stewardship of public resources. The Office of Finance is allocated five full-time permanent positions in the Commission's FY 2005 Staffing Plan. (See Staffing Plan, p. 70.)

The Office of Facilities Management manages the Commission's physical plant, including building security, mail, maintenance and cleaning services; provides general office equipment and supplies for the

Commission; and handles all Commission procurement matters. The Office of Facilities Management plans for FY 2005 and 2006 include interior renovations to accommodate expanded technology requirements, improve physical security and the continuation with regularly scheduled replacement of building infrastructure and equipment. The Office of Facilities Management is allocated 10 full-time permanent positions in the Commission's FY 2005 Staffing Plan. (See Staffing Plan, p. 70.)

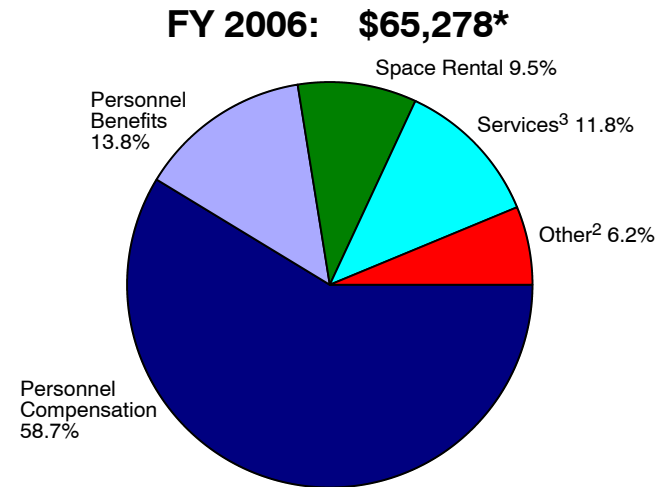
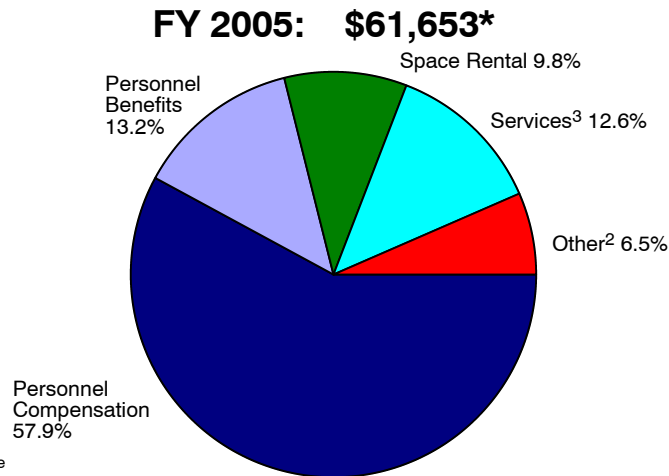
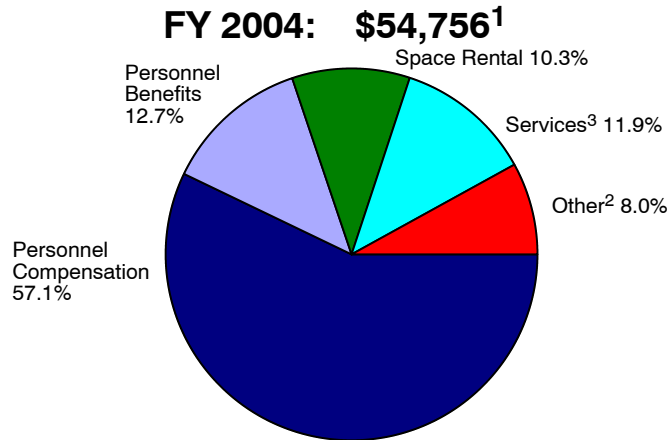
The Office of Human Resources facilitates the Commission's recruitment, training, and human capital management efforts to align human resource practices more closely with the agency's strategic mission. Through a contractual agreement with the OPM, the Office of Human Resources has obtained technical expertise in strategic workforce planning, training and development, and organizational development. In FY 2005 and 2006, the Commission will finalize the draft Human Capital Plan and implement the programs, processes, and strategies necessary to accomplish the goals and objectives outlined in the plan. The Office of Human Resources is allocated six full-time permanent positions and one part-time temporary position in the Commission's FY 2005 Staffing Plan. (See Staffing Plan, p. 70.)

The Office of Equal Employment Opportunity manages the Commission's affirmative action program and agencywide employee development initiatives and advises the Chairman and managers on all equal employment opportunity and related issues. In addition to managing the complaints and investigation process, during FY 2006, resources will be dedicated to fulfilling the requirements of the Equal Employment Opportunity Commission's MD 715 and the No Fear Act. The Office of Equal Employment Opportunity will coordinate with the Office of Human Resources and the Office of the General Counsel to ensure accurate data in the reports. The Office of Equal Employment Opportunity continues to ensure that Commission programs fulfill the letter and intent of laws and regulations that affect hiring and retention of federal employees. The Office of Equal Employment Opportunity is allocated one full-time permanent position and one part-time temporary position in the Commission's FY 2005 Staffing Plan. (See Staffing Plan, p. 70.)

Unallocated costs are incurred by the Office of the Inspector General (IG). IG provides audit, inspection, and investigative support services covering all Commission programs and operations. IG objectives are to prevent and detect waste, fraud, and abuse, and to improve the economy and efficiency of Commission programs and operations. Activities are planned and conducted in response to requirements of law and regulations, requests from Congress and management officials, and allegations received from employees and other sources. The current level of resources is necessary to continue ongoing activities and to maintain a minimum level of audit, inspection, and investigative services. The operations and accomplishments of IG are described in semiannual reports submitted to Congress in November and May of each year. IG is allocated 3.5 permanent positions and one temporary, part-time position in the Commission's FY 2005 Staffing Plan. (See Staffing Plan, p. 70.)

Obligations: Dollar Cost Comparison By Object Classification, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)



*Estimate

¹ Distribution based on prepared Net Cost Statement with expenditures of \$54,756,811. Although expenditures lag behind obligations in the amount of \$3,366,589, the proportional distribution of resources remain the same.

² Other includes travel, training, communications, transportation, postage, equipment rental, land and structures, printing and reproduction, supplies, and equipment.

³ Services include IRM service contracts and helpdesk support; building maintenance and security; mailroom and general laborers; and consulting services for financial management, human capital and strategic planning, IT security, and procurement.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Budget Formulation by Object Classification Fiscal Years 2004, 2005, and 2006

(Dollar Amounts in Thousands)

Item	FY 2004 Actual Obligations	FY 2005 Expenditure Plan	FY 2006 Budget Request
Personnel:			
Permanent Employees	31,606	33,623	35,905
Temporary Employees	669	550	550
Term Appointments	0	650	1,000
Overtime	51	80	80
Awards	865	775	800
Benefits	7,410	8,132	9,039
Subtotal Personnel	40,601	43,810	47,374
General Nonpersonnel:			
Travel	472	545	550
Training	412	450	475
Communications	253	290	310
Transportation	16	25	25
Space Rental/Utilities	5,942	6,100	6,200
Postage/Contractual Mail	241	240	240
Equipment Rental	86	92	94
Land and Structures	785	305	250
Printing and Reproduction	150	215	215
Subtotal General Nonpersonnel	8,357	8,262	8,359
Services:			
Chief Information Officer	4,043	4,779	4,600
Information Technology Services	756	827	853
Facilities Management	1,114	1,175	1,200
Administration	796	711	767
Equal Employment Opportunity	7	25	25
Inspector General Audit and Review	213	230	240
Subtotal Services	6,929	7,747	7,685
Supplies and Materials:			
Chief Information Officer	64	100	100
Information Technology Services	105	165	180
Facilities Management	118	125	125
Main Library	220	350	350
Law Library	184	190	200
Subtotal Supplies and Materials	691	930	955
Equipment:			
Chief Information Officer	1,060	345	510
Information Technology Services	124	155	130
Facilities Management	311	339	200
Main Library	48	55	55
Law Library	2	10	10
Subtotal Equipment	1,545	904	905
Subtotal Nonpersonnel	17,522	17,843	17,904
Grand Total	58,123	61,653	65,278

Source: Accounting System

Budget Requirements

(Dollar Amounts in Thousands)

Category of Obligation	FY 2004 Actual		FY 2005 Estimate		FY 2006 Estimate		FY 2005-06 Changes	
	Workyears	Dollars ¹	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs ²								
Personnel	239	26,575	250	29,686	257	32,230	7	2,544
Nonpersonnel		3,864		4,178		4,508		330
Subtotal	239	30,439	250	33,864	257	36,738	7	2,874
B. Indirect Costs ³								
Personnel	131	13,574	135	15,409	135	15,747	0	338
Nonpersonnel		10,743		12,380		12,793		413
Subtotal	131	24,317	135	27,789	135	28,540	0	751
Grand Total	370	54,756	385	61,653	392	65,278	7	3,625

1 Actual expenditures are listed for FY 2004; this amount is \$3,366,589 lower than the total USITC FY 2004 obligations of \$58,123,400.

2 Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

3 Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

Analysis of Change: Obligations, Fiscal Year 2004; Expenditure Plans, Fiscal Years 2005 and 2006

(Dollar Amounts in Thousands)

Object Classification	FY 2004 Actual Obligations	FY 2005 Expenditure Plan	FY 2006 Budget Request	FY 2005-2006 Change	Percentage Change
Personnel:					
Permanent Employees	31,606	33,623	35,905	2,282	6.8%
Temporary Employees	669	550	550	0	0.0%
Term Appointments	0	650	1,000	350	53.8%
Overtime	51	80	80	0	0.0%
Awards	865	775	800	25	3.2%
Benefits	7,410	8,132	9,039	907	11.2%
Subtotal	40,601	43,810	47,374	3,564	8.1%
Nonpersonnel:					
Travel	472	545	550	5	0.9%
Training	412	450	475	25	5.6%
Communications	253	290	310	20	6.9%
Transportation	16	25	25	0	0.0%
Space Rental/Utilities	5,942	6,100	6,200	100	1.6%
Postage	241	240	240	0	0.0%
Equipment/ Other Rental	86	92	94	2	2.2%
Land and Structures	785	305	250	-55	-18.0%
Printing and Reproduction	150	215	215	0	0.0%
Services	6,929	7,747	7,685	-62	-0.8%
Supplies and Materials	691	930	955	25	2.7%
Equipment	1,545	904	905	1	0.1%
Subtotal	17,522	17,843	17,904	61	0.3%
Grand Total	58,123	61,653	65,278	3,625	5.9%

Available Funds Fiscal Year 2005	
FY 2005 Appropriation:	61,700
Rescission (CJS Appropriation)	-333
Rescission (Omnibus Appropriation)	-491
FY 2004 Carryover	777
Total FY 2005 Availability	61,653

Source: Accounting System

Summary of Increases/Decreases Presented in Analysis of Change (Fiscal Years 2005 and 2006)

Personnel Cost Change

(Dollar Amounts in Thousands)

Permanent Salaries +2,282

Salaries will increase because of the expected Federal pay raise in January 2006. The Commission estimated a 3.5-percent increase, which is consistent with estimates of the expected military pay raise and is below the average of the last three years. While OPM has recommended a 2.3-percent increase, over the last several years Congress has approved a higher increase on parity with the military pay raise. The additional increase above the projected pay raise is based on the assumption that the Commission's vacancy rate will decline and the normal cost of promotions and within-grade increases.

Term Appointments +350

Term appointments may increase coincident with increases in the transition sunset caseload. Transition sunset caseload lasts for about one-half of the five-year sunset cycle. The Commission spent \$2.2 million on term appointments during the first transition sunset cycle (FY 1999-2001). The Commission allocated \$650,000 for term appointments in FY 2005 and expects to increase that allocation to \$1,000,000 in FY 2006.

Awards +25

Awards are expected to increase by a marginal 3.2 percent, consistent with the pay raise. The total funding for awards is still less than the FY 2002 level.

Benefits +907

Since retirement benefits are incurred as a percentage of salary, when salary costs increase retirement benefits will increase by at least the same amount. In addition, benefits are projected to increase further due to increased health insurance costs and increased costs for FERS retirement. Shifting demographics result in the Commission's benefits costs increasing at twice the rate of salaries.

Net Personnel Cost Changes +3,564

Nonpersonnel Cost Changes

(Dollar Amounts in Thousands)

Travel +5

Travel will increase approximately 1 percent.

Training +25

Training will increase to meet requirements of needs of new employees and implementation of individual development plans to insure that trained successors are in place when the current workforce begins to retire.

Communications +20

Approximately 7 percent increase to meet service contract cost increases.

Space Rental/Utilities +100

Increasing GSA fees and cost of living adjustments to the base lease will lead to a 1.6-percent increase in rental costs.

Equipment/Other Rental +2

Approximately 2 percent increase due to contract cost increases.

Land and Structures -55

Decrease reflects the planned completion of several renovation projects.

Services -62

Facilities Management, Publishing, and Other Administrative Services will increase while Information Services will decrease. This decrease reflects the completion of major projects in FY 2004, which more than offset increased maintenance costs and the cost of enhancement to existing systems.

Supplies and Materials +25

Marginal increase to cover expected requirements due to increased workload and increases in subscription costs for both the law library and the main library.

Equipment +1

No significant increase projected.

Net Nonpersonnel Cost Changes +61

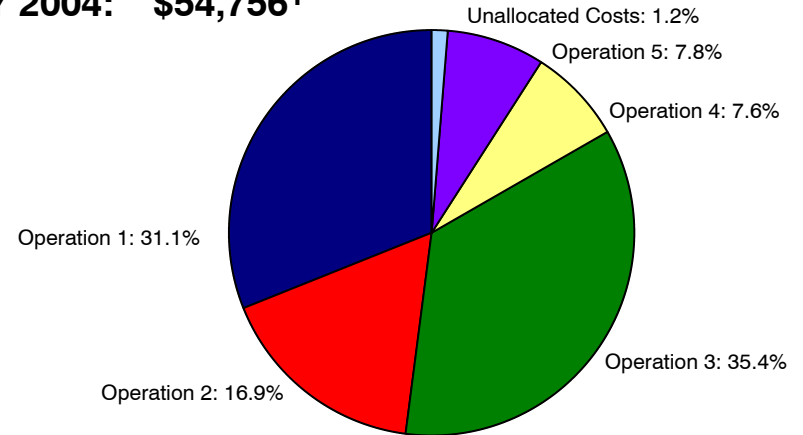
Total Adjustment to Base +3,625

Dollar Cost: Comparison by Operation, Fiscal Years 2004, 2005, 2006

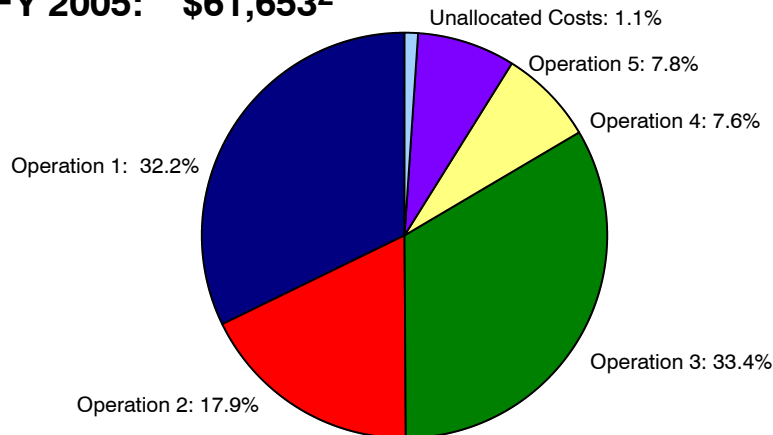
Operations

- Operation 1: Import Injury Investigations
- Operation 2: Intellectual Property-Based Import Investigations
- Operation 3: Industry and Economic Analysis
- Operation 4: Trade Information Services
- Operation 5: Trade Policy Support
- Unallocated Costs

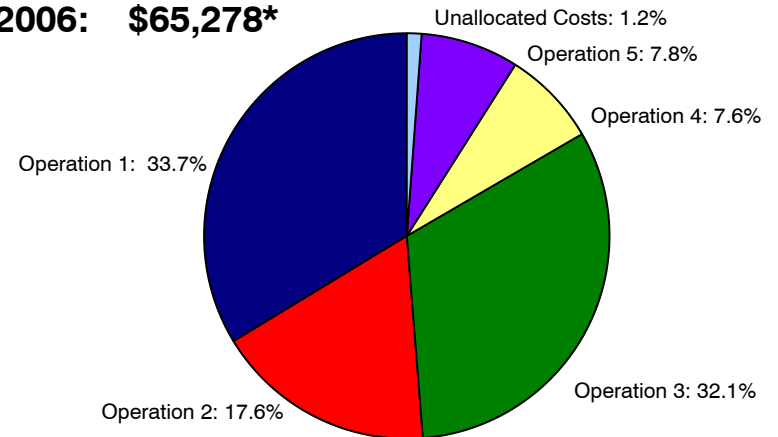
FY 2004: \$54,756¹



FY 2005: \$61,653²



FY 2006: \$65,278*



¹ Dollar amount in thousands. Distribution based on prepared Net Cost Statement with expenditures of \$54,756,811. Although expenditures lag behind obligations in the amount of \$3,366,589, the proportional distribution of resources remain the same.

² Estimated dollar amount in thousands.

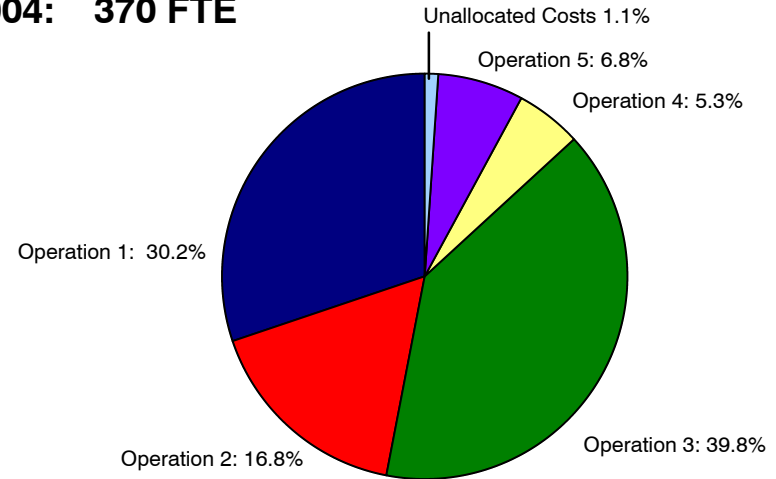
Source: Actual Costs derived from the Labor Cost Reporting System and the Accounting System. Estimates provided by Cost Center Managers and Office Directors.

Workyears: Comparison by Operation, Fiscal Years 2004, 2005, 2006

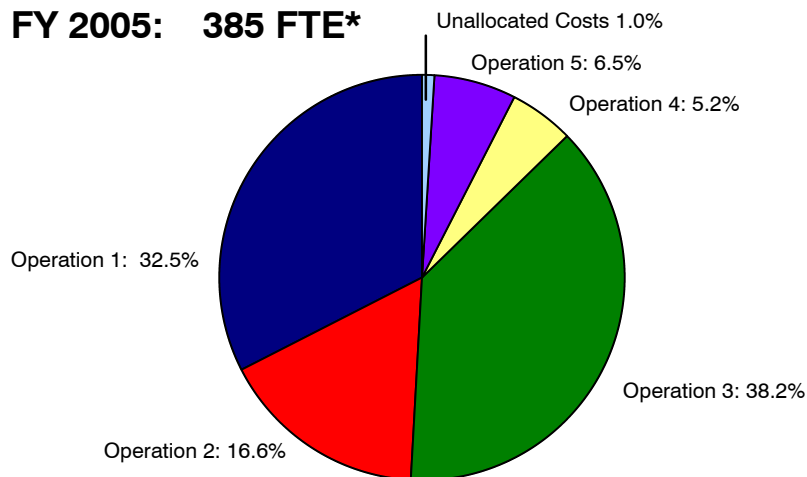
Operations

- Operation 1: Import Injury Investigations
- Operation 2: Intellectual Property-Based Import Investigations
- Operation 3: Industry and Economic Analysis
- Operation 4: Trade Information Services
- Operation 5: Trade Policy Support
- Unallocated Costs

FY 2004: 370 FTE

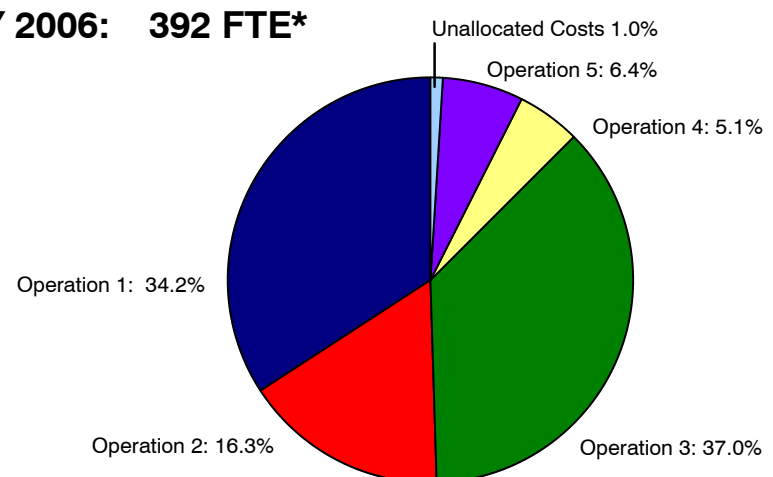


FY 2005: 385 FTE*



*Estimated dollar amount in thousands.

FY 2006: 392 FTE*



Source: Actual Workyears derived from the Labor Cost Reporting System. Estimates provided by Cost Center Managers and Office Directors.

Budget Summary by Operation, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Operation	FY 2004 Actual		FY 2005 Estimate		FY 2006 Estimate		FY 2005-06 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
1: Import Injury Investigations	112	17,038	125	19,866	134	22,030	9	\$ 2,164
2: Intellectual Property-Based Import Investigations	62	9,265	64	11,067	64	11,442	0	375
3: Industry and Economic Analysis	147	19,395	147	20,600	145	20,980	-2	380
4: Trade Information Services	20	4,140	20	4,655	20	4,958	0	303
5: Trade Policy Support	25	4,286	25	4,784	25	5,112	0	328
Subtotal	366	54,124	381	60,972	388	64,522	7	\$ 3,550
Unallocated Costs	4	632	4	681	4	756	0	75
Grand Total	370	54,756	385	61,653	392	65,278	7	3,625

Direct/Indirect Cost by Operation, Fiscal Years 2004, 2005, 2006

(Dollar Amounts in Thousands)

Operation	FY 2004 Actual		FY 2005 Estimate		FY 2006 Estimate		FY 2005-06 Changes	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
A. Direct Costs¹								
1: Import Injury Investigations	76	\$9,596	84	\$11,178	91	\$12,958	7	\$1,780
2: Intellectual Property-Based Import Investigations	40	5,355	43	6,403	43	6,692	0	289
3: Industry and Economic Analysis	94	10,196	94	10,533	94	10,888	0	355
4: Trade Information Services	13	2,530	13	2,737	13	2,949	0	212
5: Trade Policy Support	16	2,762	16	3,013	16	3,251	0	238
Subtotal	239	\$30,439	250	\$33,864	257	\$36,738	7	\$2,874
B. Indirect Costs²								
1: Import Injury Investigations	36	\$7,443	41	\$8,688	43	\$9,072	2	\$384
2: Intellectual Property-Based Import Investigations	22	3,909	21	4,664	21	4,750	0	86
3: Industry and Economic Analysis	53	9,199	53	10,067	51	10,092	-2	25
4: Trade Information Services	7	1,610	7	1,918	7	2,009	0	91
5: Trade Policy Support	9	1,524	9	1,771	9	1,861	0	90
Unallocated Costs	4	632	4	681	4	756	0	75
Subtotal	131	\$24,317	135	\$27,789	135	\$28,540	0	\$751
Grand Total	370	\$54,756	385	\$61,653	392	\$65,278	7	\$3,625

¹ Direct Costs include personnel costs directly attributed to the five operations including the Commissioners and Information Technology Services, as well as space rental and travel charged directly to the five operations in the Commission's Strategic Plan.

² Indirect Costs include personnel costs such as EEO and general administration support services. Indirect costs also include virtually all nonpersonnel costs, such as contractual services, supplies, and equipment, as well as space rental, travel and training, labor, union, and OSHA. Most indirect costs are allocated to operations according to the percentage of total costs directly charged to each operation. Costs accruing to the Office of Inspector General are not allocated to any of the five operations.

Source: Actual Costs derived from the Labor Cost Reporting System and Accounting System. Estimates provided by the Cost Center Managers and Office Directors.

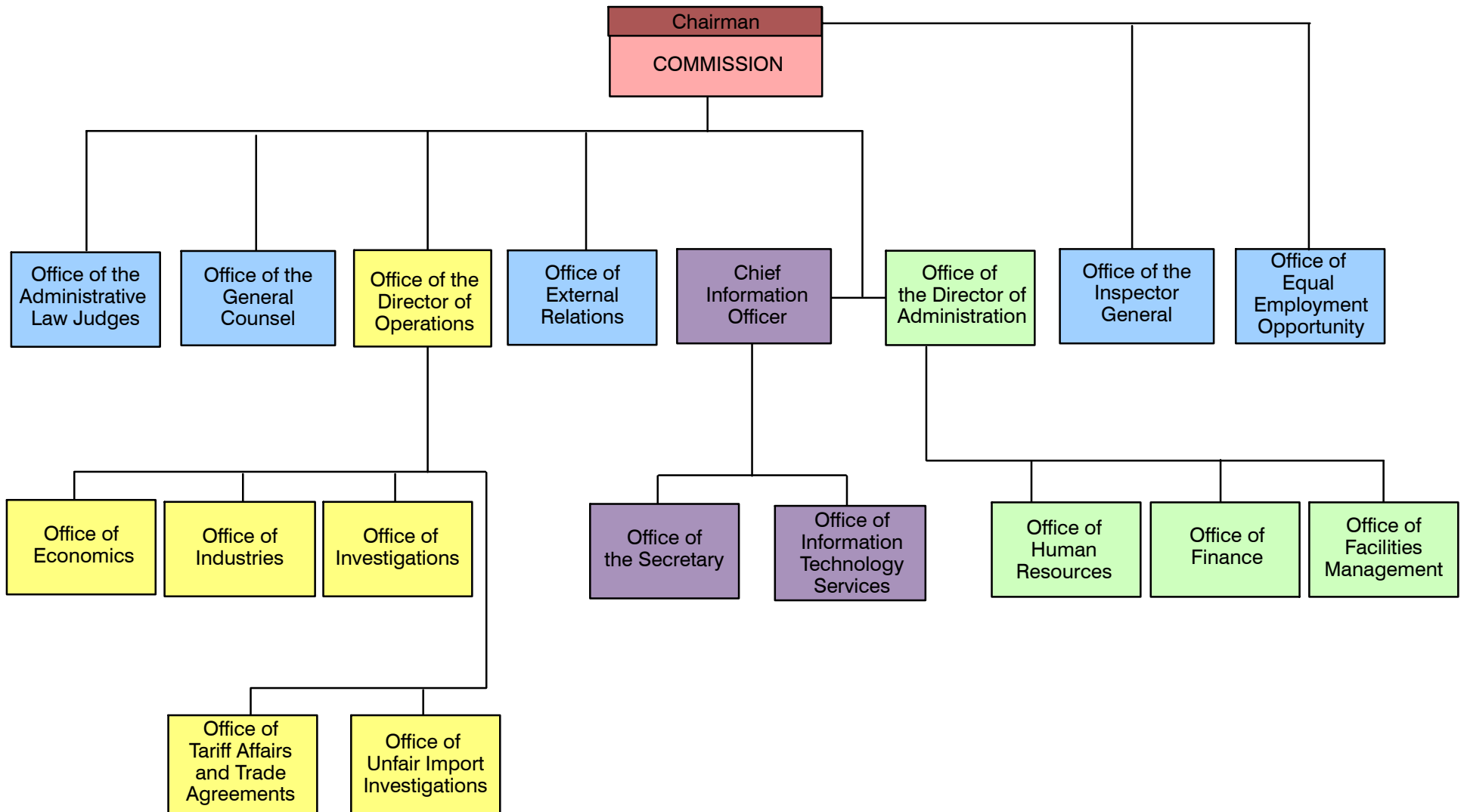
Workyears by Activity and Office - Fiscal Year 2004¹

Office/Division	COMM	ALJ	ER	CIO	GC	IG	EEO	OP	EC	TATA	OINV	OUII	ID	AD	TOTALS
Operation 1-Import Injury Investigations	16.3	0.0	0.4	9.1	16.9	0.0	0.0	0.0	7.0	0.1	20.3	0.0	5.9	0.0	76.0
Title VII Investigations			0.1	2.0	4.2				5.6	0.1	14.5		4.6		31.1
Sunset Investigations				0.5	0.8				0.7		3.0		0.7		5.7
Other Investigations				0.2	0.5				0.5		0.8		0.4		2.4
Litigation					11.1										11.1
Operational Support			0.3	6.4	0.3				0.2		2.0		0.2		9.4
Executive Direction	16.3														16.3
Operation 2-Intellectual Property Investigations	4.1	11.6	0.2	5.1	6.5	0.0	0.0	0.0	0.0	0.0	0.0	12.8	0.0	0.0	40.3
Section 337 Investigations		11.5		1.2	4.6							11.5			28.8
Section 337 Litigation		0.1			1.6										1.7
Operational Support			0.2	3.9	0.3							1.3			5.7
Executive Direction	4.1														4.1
Operation 3-Industry and Economic Analysis	5.4	0.0	0.3	13.1	0.3	0.0	0.0	5.9	18.3	1.0	1.6	0.0	48.2	0.0	94.1
Statutory Investigations			0.2	1.8	0.2			0.7	12.0	0.7	1.5		31.1		48.2
Other Industry and Economic Analysis			0.1	2.1				0.4	6.3	0.3	0.1		15.7		25.0
Operational Support				9.2	0.1			4.8					1.4		15.5
Executive Direction	5.4														5.4
Operation 4-Trade Information Services	0.8	0.0	0.0	1.9	0.00	0.0	0.0	0.5	0.0	6.8	0.1	0.0	3.0	0.0	13.1
Harmonized Tariff System										5.2			0.5		5.7
Legislative Reports										0.7			1.4		2.1
Trade Database Management				0.9				0.4			0.1		1.1		2.5
Operational Support				1.0				0.1		0.9					2.0
Executive Direction	0.8														0.8
Operation 5-Trade Policy Support	0.5	0.0	1.3	1.5	0.7	0.0	0.0	0.7	1.2	1.8	0.0	0.0	8.0	0.0	15.7
Technical Assistance to Congress			0.8		0.2				0.1	0.1			1.0		2.2
Technical Assistance to Executive			0.5	0.2	0.5			0.5	1.0	1.7			3.6		8.0
Operational Support				1.3				0.2	0.1				3.4		5.0
Executive Direction	0.5														0.5
Administrative Overhead	1.4	2.2	2.8	12.6	13.6	0.9	1.2	6.5	14.4	4.2	9.5	3.4	28.6	26.3	127.6
Unallocated Activities	0.0	0.0	0.0	0.1	0.0	3.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.1	3.4
Grand Total	28.5	13.8	5.0	43.4	38.0	3.9	1.2	13.6	40.9	14.0	31.5	16.2	93.8	26.4	370.2

Source: Labor Cost Reporting System

¹ Totals may not add due to rounding.

FY 2005 U.S. International Trade Commission Organization



Staffing Plan, Fiscal Years 2004, 2005, and 2006

Office	FY 2004				FY 2005				FY 2006			
	Perm.	Term	Temp.	Total FTE	Perm.	Term	Temp.	Total FTE	Perm.	Term	Temp.	Total FTE
Commissioners	31.0			31.0	31.0			31.0	31.0			31.0
External Relations	5.0			5.0	5.0			5.0	5.0			5.0
Inspector General	3.5		0.5	4.0	3.5		0.5	4.0	3.5		0.5	4.0
General Counsel	41.0			41.0	41.0	1.0		42.0	42.0	2.0		44.0
Administrative Law Judges	13.0			13.0	13.0			13.0	13.0			13.0
Equal Employment Opportunity	1.0		0.5	1.5	1.0		0.5	1.5	1.0		0.5	1.5
Subtotal Independent Offices	94.5	0.0	1.0	95.5	94.5	1.0	1.0	96.5	95.5	2.0	1.0	98.5
Operations, Director	14.0			14.0	13.0			13.0	13.0			13.0
Investigations	36.0			36.0	36.0	7.0	1.0	44.0	36.0	7.0	1.0	44.0
Unfair Import Investigations	15.0			15.0	17.0			17.0	17.0			17.0
Economics	43.0		2.5	45.5	44.0	7.0	2.5	53.5	44.0	7.0	2.5	53.5
Tariff Affairs and Trade Agreements	14.0			14.0	14.0			14.0	14.0			14.0
Industries	108.0		2.0	110.0	103.0			103.0	103		1.0	104.0
Subtotal Operations	230.0	0.0	4.5	234.5	227.0	14.0	3.5	244.5	227.0	14.0	4.5	245.5
Chief Information Officer	14.0			14.0	12.0			12.0	12.0			12.0
Secretary	15.0			15.0	15.0			15.0	15.0			15.0
Information Technology Services	17.0			17.0	17.0			17.0	17.0			17.0
Subtotal Chief Information Officer	46.0	0.0	0.0	46.0	44.0	0.0	0.0	44.0	44.0	0.0	0.0	44.0
Administration, Director	5.0			5.0	5.0			5.0	5.0			5.0
Finance	5.0			5.0	5.0			5.0	5.0			5.0
Human Resources	7.0		0.5	7.5	6.0		0.5	6.5	6.0		0.5	6.5
Facilities Management	10.0			10.0	10.0			10.0	10.0			10.0
Subtotal Administration	27.0	0.0	0.5	27.5	26.0	0.0	0.5	26.5	26.0	0.0	0.5	26.5
Commission Total	397.5	0.0	6.0	403.5	391.5	15.0	5.0	411.5	392.5	16.0	6.0	414.5

Direct Labor Cost: Workyears and Dollars (Salaries and Benefits) by Office and Operation, FY 2004^{1,2}

(Dollar Amounts in Thousands)

	OP 1: Import Injury Investigations		OP 2: Intellectual Property-Based Import Investigations		OP 3: Industry and Economic Analysis		OP 4: Trade Information Services		OP 5: Trade Policy Support	
	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars	Workyears	Dollars
Commissioners	16.3	\$2,163	4.1	\$625	5.4	\$804	0.8	\$204	0.5	\$161
External Relations	0.4	146	0.2	26	0.3	94	0.0	46	1.3	334
General Counsel	16.9	2,381	6.5	905	0.3	96	0.0	0	0.7	178
Administrative Law Judges	0.0	0	11.6	1491	0.0	0	0.0	0	0.0	38
Operations, Director	0.0	1	0.0	0	5.9	531	0.5	112	0.7	103
Investigations	20.3	2,506	0.0	0	1.6	206	0.1	62	0.0	26
Unfair Import Investigations	0.0	0	12.8	1,987	0.0	1	0.0	0	0.0	14
Economics	7.0	770	0.0	0	18.3	2,289	0.0	14	1.2	281
Tariff Affairs and Trade Agreements	0.1	12	0.0	0	1.0	269	6.8	1,239	1.8	319
Industries	5.9	996	0.0	3	48.2	5,019	3.0	591	8.0	997
Chief Information Officer	9.1	621	5.1	318	13.1	887	1.9	262	1.5	311
Grand Total	76.0	\$9,596	40.3	\$5,355	94.1	\$10,196	13.1	\$2,530	15.7	\$2,762

¹ Totals may not add due to rounding.

² Covers only those offices whose time is charged directly to specific operations.

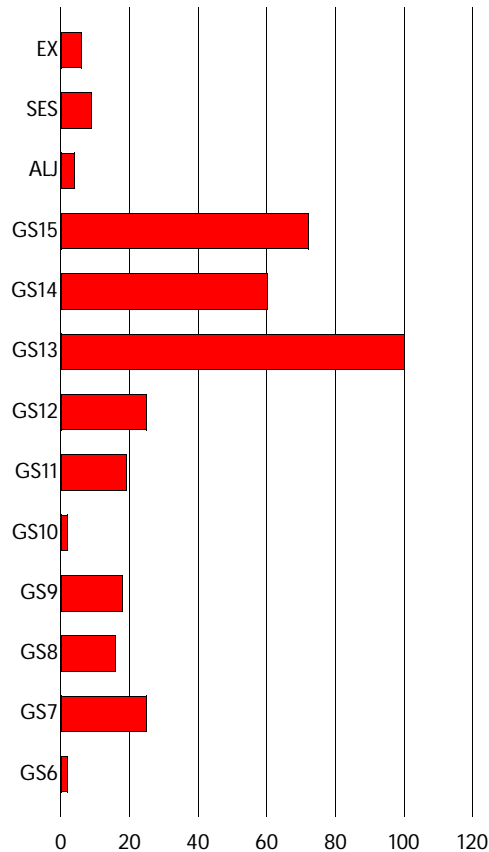
Source: Labor Cost Reporting System

Total Labor Cost/Workyears by Office, Fiscal Year 2004

(Dollar Amounts in Thousands)

FTE on Board by Grade

(as of 9/30/04)



Office	Commission Total FTE Staffing Plan ¹	FY 2004 Actual		
		Workyears ²	Salaries and Benefits ³	Average Cost Salaries and Benefits
Commissioners	31.0	25.1	\$3,810.7	\$151.5
External Relations	5.0	5.1	630.4	123.0
Inspector General	4.0	3.9	453.8	115.5
General Counsel	41.0	41.0	4,659.2	113.6
Administrative Law Judges	13.0	13.8	1,506.6	109.2
Equal Opportunity Employment	1.5	1.2	154.9	123.6
Operations, Director	14.0	13.8	1,321.7	95.6
Investigations	36.0	31.5	3,430.1	108.7
Unfair Import Investigations	15.0	16.3	2,159.0	132.3
Economics	45.5	42.7	4,613.6	108.0
Tariff Affairs and Trade Agreements	14.0	14.1	1,577.4	111.7
Industries	110.0	94.7	9,741.0	102.8
Chief Information Officer	46.0	40.2	3,767.1	93.8
Administration	27.5	26.3	2,501.6	95.1
Grand Total	403.5	369.8	40,327.0	\$109.1

¹ Commission Total FTE Staffing Plan includes permanent, term and temporary positions, but not summer program that consists of approximately six FTEs.

² In FY 2004, the vacancy rate using workyear calculations was 9.5 percent. This figure slightly understates the "actual" vacancy rate, as it includes summer employee workyears

³ Salaries and Benefits total does not include workers' compensation or commuter subsidy costs.

United States International Trade Commission Fiscal Year 2006 Performance Plan



The following presents the elements of the Commission's Performance Plan for fiscal year (FY) 2006 that are not already addressed in the body of the Budget Justification. The Commission's performance planning is carried out in accordance with the provisions of the Government Performance and Results Act (GPRA or Results Act). This Performance Plan is based on the fifth edition of the agency's Strategic Plan, which was issued in September 2003.

Mission statement

The mission of the Commission is to: (1) administer U.S. trade remedy laws within its mandate in a fair and objective manner; (2) provide the President, the United States Trade Representative (USTR), and Congress with independent, quality analysis, information, and support on matters of tariffs and international trade and competitiveness; and (3) maintain the Harmonized Tariff Schedule of the United States.

In so doing, the Commission serves the public by implementing U.S. law and contributing to the development of sound and informed U.S. trade policy.

Strategic Goal

The Commission will effectively conduct five strategic Operations:

Operation No. 1: Import injury investigations

Operation No. 2: Intellectual property-related import investigations

Operation No. 3: Industry and Economic Analysis

Operation No. 4: Trade information services

Operation No. 5: Trade policy support

Introduction

The Commission has one program activity set forth in the Budget of the United States, but has, for the purposes of its Strategic Plan and this Performance Plan, divided the agency's functions into five Operations. The Performance Plan establishes goals to define the level of performance to be achieved by each Operation in FY 2006, and for comparison lists the corresponding goals for FY 2005. As encouraged by the Results Act, the Commission has sought to express those performance goals in an objective, quantifiable, and measurable form. To the extent practicable, the Commission has established outcome-oriented goals. Output-oriented goals appear in the Plans only if they constitute appropriate and significant measures of performance. The Performance Plan reproduces the general goals that are set out in the Commission's Strategic Plan, as revised, and establishes FY 2006 performance goals corresponding to each general goal.

The Performance Plan also sets out for each performance goal one or more performance indicators that the Commission will use in measuring the relevant outputs and outcomes of each Operation and that provide a basis for comparing actual program results with the performance goals. Consistent with the E-Government Act of 2002, the Plans include performance measures that demonstrate how electronic government enables progress toward agency objectives, goals, and mandates. The Plan also discusses the agency's performance during FY 2001, 2002, 2003, and 2004. The Budget Justification describes, with respect to each Operation, the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goals.

The Commission performs an annual verification and validation of measured values. For each Operation, a senior agency manager serves as Operation Coordinator. Among the duties of the Operation Coordinators is

the responsibility to coordinate that verification and validation, under the general oversight of the Strategic Planning Committee. That process involves review of the logs and reports generated by staff offices as set out in the performance indicators, and such other procedures as the Operation Coordinators determine to implement, including the use of existing record keeping processes, and automated systems such as the Electronic Document Information System (EDIS).

The Commission made progress in FY 2001, 2002, and 2003, and 2004 toward the achievement of the goals set out in the Performance Plans for those periods. The Operation Coordinators developed a variety of customer surveys and logs to measure the agency's success at meeting those goals. The Commission issued an FY 2004 Performance and Accountability Report in November 2004.

Major Management Challenges

The Commission is committed to addressing the major challenges facing the management of its activities, as identified in the Inspector General's most recent Semiannual Report, and consistent with the President's Management Agenda. This section discusses those challenges and the agency's responses to them as a general matter, and the description of each Operation further discusses them as appropriate.

1. Competitive sourcing

The Commission recognizes the need to provide cost-effective services to the public, and makes effective use of private sector contracting to further that aim. Of the regular onsite staff, more than 10 percent were private sector contract employees in FY 2004. The Commission reviews and revises annually its comprehensive list of commercial activities in accordance with the Federal Activities Inventory Reform Act.

2. Improved financial performance

Pursuant to the Accountability of Tax Dollars Act of 2002, the Commission produced audited financial statements on November 15, 2004. Commission staff continue to work with the agency's Office of Inspector General to ensure the success of efforts to improve financial performance.

3. Budget and performance integration

The Commission continues to bring its budget formulation activities into alignment with its strategic planning process. To meet the integration challenge, the Commission has developed financial data that correspond to general goals and provide managers with more accurate and timely workload and labor cost data, thereby allowing the Commission to respond more quickly to changes in workload. For FY 2005, the Commission produced an integrated Performance Budget, combining the annual performance plan with budget data and other information.

4. Expanded electronic government

The Commission has implemented and will continue to implement information technology enhancements to the agency's operations and its service to customers, such as EDIS, the DataWeb, and the agency's World Wide Web site. The agency seeks to provide as much information to Congress, the Administration, and the public on international trade and agency operations as practicable; provide appropriate training to agency staff; and make services accessible to all users. EDIS accepts electronic filings and signatures, in accordance with the Government Paperwork Elimination Act and as a part of increasing the provision of electronic services to customers. Initially, the effort is limited to public documents; confidential materials will be addressed in a subsequent phase. The Office of the Chief Information Officer coordinates the agency's electronic government initiatives and has prepared an updated edition of the Commission's Information Resources Management Strategic Plan, that ensures information technology projects contribute to the agency's general goals.

In expanding electronic services, the Commission has worked to improve information security. During FY 2004, the Commission replaced its local area network, a project that included enhanced information security. The Commission is committed to maintaining a high level of security for both public and nonpublic information in its possession, and will continue to impose strict controls on information handling. This requires staff resources primarily from the Offices of the Chief Information Officer, General Counsel, and Administration, but all staff and contractor personnel have a role. The agency's information security programs are regularly reviewed in accordance with the Federal Information Security Management Act.

5. Strategic management of human capital

The Commission is committed to effective human capital management, and long has had a goal to tailor internal practices to support, train, and retain highly skilled and motivated employees. As with other

agencies, the Commission faces the need for succession planning because of the significant proportion of its workforce that will become eligible for retirement in the coming years. To ensure it has the workforce needed to be successful over the next 5-10 years, the Commission has drafted a Strategic Human Capital Management Plan. The purpose of this plan is to identify the human resources programs and activities that need to be initiated in the short-term to ensure that the Commission develops and maintains a high-performance workforce with the appropriate professional skills over the long term. This plan is based on the Commission's human capital vision as set out in the agency's Strategic Plan.

Interim Adjustments to the Strategic Plan

The Commission performs an annual review of all its planning documents. As a result of the most recent review, the agency has determined to make a limited number of interim adjustments to the Strategic Plan.

The Commission has simplified the general goal for Operation No. 1 to focus on facilitating a rules-based international trading system. The Commission has also simplified the general goal for Operation No. 2 to reflect the fact that relief is warranted only if a violation of section 337 is found.

The Commission has retitled Operation No. 3 from "Research Program" to "Industry and Economic Analysis" to better reflect the nature of the agency's functions under that Operation. The Commission also has revised the general goal for Operation No. 3 accordingly. These changes do not reflect a change in the nature of the work in that Operation, but rather a clearer articulation of the Commission's efforts.

Guide to abbreviations used in the Plans

Abbreviations	Meanings
ACE	Automated Commercial Environment
AD	Antidumping
ALJ	Administrative Law Judge
APO	Administrative protective order
Blue Book	Antidumping and Countervailing Duty Handbook
CIO	Office of the Chief Information Officer
CVD	Countervailing duty
EDIS	Electronic Document Information System
EC	Office of Economics
ER	Office of External Relations
GC	Office of the General Counsel
HR	Office of Human Resources
HTS	Harmonized Tariff Schedule of the United States
ID	Initial determination by an ALJ
IND	Office of Industries
INV	Office of Investigations
NTM	Non-tariff measure
OAD	Office of Administration
OMB	Office of Management and Budget
OP	Office of Operations
OUII	Office of Unfair Import Investigations
Red Book	An Introduction to Administrative Protective Order Practice in Import Injury Investigations
SE	Office of the Secretary
TATA	Office of Tariff Affairs and Trade Agreements
TEO	Temporary exclusion order
URAA	Uruguay Round Agreements Act
USTR	United States Trade Representative
WCO	World Customs Organization
WTO	World Trade Organization

OPERATION NO. 1: Import Injury Investigations

In FY 2006, the Commission will seek to improve its performance in conducting import injury investigations by improving public access to information about the process, ensuring its procedures are fair and properly implemented, and completing proceedings on time. To those ends, the Commission plans to update informational materials and, as appropriate, develop new ones, seek feedback from participants and promptly provide them with investigative data, perform internal reviews of draft investigation and litigation documents, and meet deadlines. The Commission removed a goal regarding post-hearing meetings because such meetings are not held regularly, and streamlined the goals by combining goals on information management and the conduct of surveys. The Commission also adjusted goals related to the provision of external access to public documents. External factors affecting performance of this function include industry decisions on whether to file cases, Commerce Department determinations, judicial and panel review, and changes in legislation. The Commission will continue to consult as necessary with the Department of Commerce on the two agencies' distinct roles in the antidumping and countervailing duty investigative process.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 1. The general goal is to:

Facilitate a rules-based international trading system by producing high quality and timely import injury determinations based on:

- an effective exchange of information between the Commission and interested persons,*
- an appropriate investigative record, and*

fair and equitably-implemented procedures.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
1.(a) Conduct appropriate internal review of draft investigation and litigation documents.	<ul style="list-style-type: none"> a. Commissioner comments on sufficiency of the information in the record (INV/GC). b. Draft staff reports to investigative teams and senior staff for review (INV). c. Drafts of legal issues memoranda and opinions to teams for comment on factual accuracy and confidentiality, and draft briefs to Commission for comment (GC). d. Team participation in opinion-writing process (INV). 	<ul style="list-style-type: none"> a. 75% positive response. b. 100% of draft reports circulated. c. 100% of draft documents circulated. d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation. 	<ul style="list-style-type: none"> a. 80% positive response. b. 100% of draft reports circulated. c. 100% of draft documents circulated. d. 100% team participation in opinion meetings and in comments on opinion drafts, absent compelling reason for non-participation.
1.(b) Meet statutory, court, and administrative deadlines.	<ul style="list-style-type: none"> a. Reports and determinations (INV) and memoranda and draft opinions issued, and briefs (GC) submitted, on time. 	<ul style="list-style-type: none"> a. 100% on time. 	<ul style="list-style-type: none"> a. 100% on time.

See notes at end of table

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
<p>2. Effectively develop investigative records and provide information on investigations to participants and the public.</p>	<p>a. More effective information management methods adopted (INV/SE/GC).</p> <p>b. Review of Web site and revision of content as appropriate (INV).</p> <p>c. Entry of documents into EDIS after filing, and improvements adopted (SE).</p>	<p>1. Progress is made on improving methods of gathering and processing investigative data.</p> <p>b. Web redesign process and semi-annual review and revision completed.</p> <p>c. (1) 85% of documents filed electronically are made available on EDIS within 24 hours.</p> <p>c. (2) 90% of public documents filed in paper form are made available on EDIS within 36 hours.</p> <p>c. (3) 85% of confidential documents filed internally in paper form are made available on EDIS within 24 hours.</p> <p>c. (4) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</p>	<p>1. Progress is made on improving methods of gathering and processing investigative data, taking into account survey results.</p> <p>b. Semi-annual reviews and revisions completed.</p> <p>c. (1) 90% of documents filed electronically are made available on EDIS within 24 hours.</p> <p>c. (2) 95% of public documents filed in paper form are made available on EDIS within 36 hours.</p> <p>c. (3) 90% of confidential documents filed internally in paper form are made available on EDIS within 24 hours.</p> <p>c. (4) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.</p>

Notes: 1. In performance indicators, the offices shown in parentheses are the staff offices responsible for measurement.

Performance

During FY 2001, 2002, 2003, and 2004, the Commission generally met the performance goals of its Performance Plans:

- In FY 2001, the Commission updated the Red Book and the Blue Book; issued its second user survey and received generally favorable responses; conducted appropriate internal review of drafts; and issued virtually all documents on time.
- In FY 2002, the Commission reviewed agency processes in light of internal and external user comments and issued proposed rules changes to permit electronic filing of documents; conducted appropriate internal reviews of draft documents; made significant progress on EDIS replacement; reviewed web site content and expanded the questionnaire web site to include, as appropriate, draft questionnaires for party comment; and issued virtually all determinations and related documents on time.
- In FY 2003, the Commission sought customer feedback, via Federal Register notice, on agency procedures related to the conduct of import injury investigations; updated the Blue Book; conducted appropriate internal review of draft documents; and issued virtually all determinations and documents on time. The agency's third user survey was issued. The Commission implemented EDIS II and began to accept nonconfidential documents in electronic format.
- In FY 2004, pursuant to comments submitted by the Trade Bar in connection with its third user survey and in response to a request via Federal Register notice, the Commission reviewed agency investigative procedures and implemented a series of process improvements related to the conduct of antidumping and countervailing duty investigations and reviews. The Commission also updated the Red Book, in part to address electronic filing procedures; completed plans for the redesign of investigation web pages to expand both general and investigation-specific content; conducted appropriate internal review of draft documents, including opinions; issued all determinations and related documents on time; and completed

plans for design enhancements for the next release of EDIS. In FY 2004, the Commission did not meet its goals regarding external access to filed documents and determined that further process and system enhancements to EDIS were necessary. In FY 2005, the agency expects to enhance workflow processes by improving the programmatic processing of certain documents. The user interface also will be improved to tailor document entry coding. Additional reports will also be developed to measure performance through the entire document process stream from receipt through external availability.

OPERATION NO. 2: Intellectual Property-Based Import Investigations

The Commission plans to undertake activities during FY 2006 to measure and enhance performance with respect to three central concerns in the Section 337 area: the expeditious completion of proceedings, the effectiveness of the agency's orders, and the provision of information to the public about the section 337 process. The Commission will collect and analyze data regarding the length of investigations and ancillary proceedings and the Commission's compliance with key statutory and administrative deadlines. The Commission will also ensure that new filings are entered into EDIS in a timely manner and that additional types of information are made available to the public. During FY 2000, the agency surveyed complainants who obtained exclusion orders regarding whether imports subject to exclusion had stopped and then developed recommendations in light of survey results; this type of survey will be conducted periodically to obtain feedback from the public. The Commission has modified certain goals to reflect current and anticipated conditions. A goal for completion of ancillary proceedings was changed to set more realistic deadlines in view of the substantial increase in case filings in late FY 2004, goals for document availability were adjusted to reflect experience with EDIS, and a goal with respect to seizure and forfeiture orders was modified to ensure prompt action. External factors affecting performance of this function include the size and complexity of the Section 337 docket, which is dependent on the decisions of businesses to file cases; judicial review; legislative changes; and U.S. Customs and Border Protection enforcement of orders. The Commission will continue to consult as necessary with the Customs on the two agencies' related yet distinct roles in the exclusion of unfairly traded imports.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 2. The general goal is to:

Facilitate a rules-based international trading system by conducting intellectual property-based import investigations in an expeditious and transparent manner and providing for effective relief when it is warranted.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
<p>1. Meet statutory and key administrative and court deadlines, conclude section 337 investigations expeditiously, and reduce the average time to conclude ancillary proceedings.</p>	<p>a. Investigations are instituted, target dates are set, and court briefs are filed, on time (OUII/GC).</p> <p>b. Final IDs and final determinations are issued on their target dates (GC).</p> <p>c. In TEO proceedings, TEO IDs and determinations are issued on time (GC).</p> <p>d. Length of investigations into alleged Section 337 violations (OUII/GC).</p> <p>e. Length of ancillary proceedings (OUII/GC).</p>	<p>a. 100% of actions occur on time.</p> <p>b. 100% of actions occur on time.</p> <p>c. 100% of actions occur on time.</p> <p>d. Conclude investigations in time frames that are consistent with the URAA</p> <p>e. Average length of proceedings is: (1) modification – 6 mos. (2) advisory – 12 mos. (3) enforcement – 12 mos. (4) consolidated ancillaries —15 mos.</p>	<p>a. 100% of actions occur on time.</p> <p>b. 100% of actions occur on time.</p> <p>c. 100% of actions occur on time.</p> <p>d. Conclude investigations in time frames that are consistent with the URAA</p> <p>e. Average length of proceedings is: (1) modification – 6 mos. (2) advisory – 12 mos. (3) enforcement – 12 mos. (4) consolidated ancillaries — 15 mos.</p>

See notes at end of table

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
2. Effectively provide information regarding investigations to the public as well as to investigative participants.	<ul style="list-style-type: none"> a. Review of Web site and revision of content as appropriate (OUII/GC). b. Prompt entry of documents into EDIS after filing, and improvements adopted (SE). 	<ul style="list-style-type: none"> a. Web redesign and semi-annual review and revision completed. b. (1) 85% of documents filed electronically are made available on EDIS within 24 hours. b. (2) 90% of public documents, except trial exhibits, filed in paper form are made available on EDIS within 36 hours. b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS. 	<ul style="list-style-type: none"> a. Semi-annual reviews and revisions completed. b. (1) 90% of documents filed electronically are made available on EDIS within 24 hours. b. (2) 95% of public documents, except trial exhibits, filed in paper form are made available on EDIS within 36 hours. b. (3) Working group meets quarterly to consider and report on issues related to electronic filing and maintenance of records on EDIS.
3. Actively facilitate enforcement of exclusion orders.	<ul style="list-style-type: none"> a. Timely seizure and forfeiture notices resulting from Customs letters (GC). b. Improve communications regarding enforcement of remedial orders (OUII/GC). 	<ul style="list-style-type: none"> a. Issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with Customs. b. (1) Conduct survey regarding effectiveness of outstanding exclusion orders. b. (2) Enforcement working group meets semi-annually to discuss remedy issues and analyze survey results. 	<ul style="list-style-type: none"> a. Issue seizure and forfeiture orders approximately 30 days after the time has run for filing a protest with Customs. b. Enforcement working group meets semi-annually to discuss remedy issues and proposals in light of survey results.

Note: 1. Under performance indicators, the offices shown in parentheses are the staff offices responsible for measurement.

Performance

During FY 2001, 2002, 2003, and 2004 the Commission generally met the performance goals of its Performance Plans:

- In FY 2001, the Commission experienced an unprecedented increase in Section 337 cases as the number of investigations nearly tripled. This volume of cases continued into FY 2002.

During FY 2001, the Commission met deadlines and issued virtually all documents on time. The agency also completed its revision of the portion of its website devoted to Operation No. 2 matters. The increased number of investigations exacerbated the performance inadequacies of the aging EDIS and made it difficult to meet established goals concerning document entry. The Commission was in the process of replacing EDIS.

- In FY 2002, the number of Section 337 matters that were active continued at the higher levels established in FY 2001. During the year, the number of trials that were held was also relatively large. The Commission met deadlines and issued virtually all documents on time. The agency also further revised the portion of its website devoted to Operation No. 2 matters.

- During FY 2003, the level of Section 337 activity continued at the high levels established in FY 2001 and FY 2002. The Commission continued to meet deadlines and issue virtually all documents on time. The Commission's new EDIS was activated internally in mid-December 2002 and made available to the public on January 23, 2003. As a result, documents that did not contain confidential business information could be filed with the Commission in either paper or electronic format.

- During FY 2004, the Section 337 workload was quite high, with the number of new investigations and matters active during the year significantly above that of the prior two fiscal years. The Commission continued to meet deadlines and issue virtually all documents on time. During the year, the Commission did not meet its goals regarding external access to filed documents and determined that further process and system enhancements to EDIS were necessary. Throughout FY 2004, the Commission worked to increase the efficiency, speed, and reliability of its internal document processing to help meet the goals for real-time updates. System modifications were implemented to enhance viewing and retrieval of bulky documents and improve workflow processing to decrease the time it takes to make documents available to the public. The Commission expects to make additional improvements during FY 2005 and to develop additional reports that will measure performance through the entire document process stream from receipt through external availability. A survey regarding the effectiveness of outstanding exclusion orders was prepared, and will be conducted in FY 2005.

OPERATION NO. 3:

Industry and Economic Analysis

The Commission will seek to enhance the value of its industry and economic analysis in FY 2006 as reflected in customer recognition of its work product, development of expertise, use of effective information management and analytical methods, and timeliness. The agency is adjusting its indicators to attempt to better measure customer use of its products. The agency will add measures relating to the citation or use of its studies by the Administration and Congress in an effort to assess how often public Commission analyses are used to inform trade policy decisions. The agency will maintain a number of its previous indicators, such as the level of web site activity, the number and type of enhancements in information management and modeling capabilities, and timely completion of research. The agency is eliminating as a performance measure the number of reports requested in hard copy or CD format. The agency feels that this measure is no longer a meaningful measure. Electronic downloads and greater customer engagement are likely more important to meeting our goal than the number of paper or CD copies requested. In early FY 2005 the Commission released a significant update of its World Wide Web site. Changes in the web site could lead to difficulties in comparing results from FY 2005 with previous years and with established goals. Goals related to web hits and downloads have been revised, as the agency has developed alternative measures of customer response to the new web site. External factors affecting performance of this function include customer requests for studies and legislative changes.¹

The Commission supports ongoing analysis on international trade issues to sustain its ability to provide expert analysis and advice to the Executive Branch and the Congress in the form of both formal reports and informal technical assistance. The Commission's goal is to provide sound, value-added analytical products in an objective and timely manner that lead to more informed public debate on trade policy issues. While it is not possible to directly measure the effects of the Commission's analysis on the U.S. economy, individual industry sectors, or U.S. trade policy, it can be observed that Commission experts are repeatedly called upon for advice

¹ The level of self-initiated work can be highly dependent on and tends to exhibit an inverse relationship to the level of other, higher priority investigative work such as formal section 332 investigations and Operation No. 1 investigations.

on current and future trade issues and proposed trade legislation, as well as being in frequent demand as technical experts to Congressional staff, interagency policy committees, and trade negotiating teams.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 3. The general goal is to:

Provide the Legislative and Executive Branches, as well as the public, with unique and timely industry and economic analyses that contribute to sound and informed trade policy formulation.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
1. Develop and provide useful industry and economic analysis to customers.	<ul style="list-style-type: none"> a. Public statutory reports are often cited or mentioned as useful by customers such as USTR and Congress. Customers request briefings on report findings.(OP) b. Section 332 reports to requesters on time (OP). c. Positive results from: <ul style="list-style-type: none"> (1) Level of satisfaction reported by users of ITC Industry and Economic Analysis web pages; (2) Written comments from users. (3) The number of customer requests that involve new areas or types of analysis (OP). 	<ul style="list-style-type: none"> a. 50% of public statutory reports are cited by policy-makers. 75% of Commission statutory reports result in briefings for either Congress or USTR. b. 100% of reports on time. c. <ul style="list-style-type: none"> (1) Establish baseline of satisfaction level. (2) 75% positive response. (3) 2 requests that involve new areas or types of analysis. 	<ul style="list-style-type: none"> a. 55% of public statutory reports are cited by policy-makers. 75% of Commission statutory reports result in briefings for either Congress or USTR. b. 100% of reports on time. c. <ul style="list-style-type: none"> (1) 5% improvement over FY 2005 baseline level. (2) 75% positive response. (3) 2 requests that involve new areas or types of analysis.
2. Implement innovative analytical methods and address emerging areas and issues.	<ul style="list-style-type: none"> a. Numbers of self-initiated articles, working papers, research notes, and presentations at professional meetings/conferences (OP). b. Number/type of enhancements in information management and analytical methods (OP). 	<ul style="list-style-type: none"> a. More than 60 initiatives, as resources and mandatory work permit. b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2005 include roll out of an ITC "Industry and Economic Analysis" Web page, including continued efforts to convert existing and new ITC publications and databases to a Web-based format. 	<ul style="list-style-type: none"> a. More than 60 initiatives, as resources and mandatory work permit. b. (1) Increased use of ITC Web site (including EDIS) to facilitate public involvement in studies and to disseminate information. Special efforts in FY 2006 include incorporating changes discerned from web-based surveys that will improve customer satisfaction with the site.

See notes at end of table.

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
		<p>b. (2) Expansion of economic modeling capabilities and use. Of particular note in FY 2005 will be (1) continued enhancements to the USAGE-ITC model, namely, adding a dynamic component to the current static version and breaking out occupational categories, (2) increased ability to model agricultural policies in the agency's analytical frameworks, (3) establishment of foundation and procedures for research and analysis of U.S.-China and U.S.-India trade issues related to the United States, and (4) identification and initial development of likely analytical tools/databases needed for upcoming trade negotiations.</p> <p>b. (3) Web redesign and semi-annual review of Web site and revision completed.</p>	<p>b. (2) Expansion of economic modeling capabilities and use. Of particular note in FY 2006 will be: (1) establishment of procedures to validate the USITC general equilibrium models and follow-on research products to improve model performance, (2) the integration of NTM estimates into the agency's quantitative analysis that will, among other things, enumerate, describe, and where possible quantify global non-tariff barriers to trade, (3) analysis of changes in productivity owing to new manufacturing processes in certain industries, and (4) development and utilization of new tools/ databases related to at least 2 sectors of trade negotiations.</p> <p>b. (3) Semi-annual reviews of Web site and revisions completed.</p>

Note: 1. Under performance indicators, the offices shown in parentheses are the staff offices responsible for measurement.

Performance

During FY 2001, 2002, 2003, and 2004 the Commission generally met the performance goals of its Performance Plans:

- ❑ In FY 2001, the Commission analyzed responses to mailback survey forms in each published report; improved its ability to measure public viewing and downloading of research from the ITC Web site; experimented with new ways to present information on the Web to facilitate public participation in section 332 investigations; tested the use of CDs as an alternative, economic means of report distribution; and implemented new analytical techniques and models such as dynamic computable general equilibrium models to enhance its capability of providing cutting edge research and analysis to trade policy makers.
- ❑ In FY 2002, the Commission analyzed responses to mailback survey forms in each published report, as well as initiated an update of the mailback form and began efforts to include an on-line version on the ITC Web site. Staff also began development of a web page to highlight the Commission research program. Extensive progress was made in the development of a new U.S. Applied General Equilibrium model (USAGE ITC) and a model of the Russian economy to assist in future Commission work. Efforts continued to employ dynamic modeling in the analysis of potential U.S. bilateral free trade agreements. In anticipation of new trade legislation (Trade Act of 2002), the Commission began development of the tools/techniques to respond to new investigative requirements. Significant new research initiatives included development of a database on foreign NTM's and a new Africa research agenda.
- ❑ In FY 2003, the Commission analyzed responses to mailback survey forms in each published report, but also launched an on-line customer survey on the ITC Web site to solicit feedback from the public on the research program. In addition, the agency increased use of the Web site for timely dissemination of information on ongoing research investigations, notably its section 332 investigation regarding steel-consuming industries. The agency has also implemented new procedures to assist in identifying critical emerging issue research needs. Special accomplishments in FY 2003 include the following: (1) Construction of a regional CGE model

of the U.S. economy (the USAGE-ITC model) continued on schedule. A working version of the model without the regional- and state-level component was reviewed, tested, and found to be satisfactory. The regional- and state-level component was nearing completion in late FY 2003. (2) The Russian economy model was completed and future working papers are anticipated from this work. In addition, data developed for this project were accepted by the GTAP Center for inclusion in the next version of the global model's database. (3) Development of analytical tools/techniques to respond to new legislative requirements (Trade Act of 2002) included the refinement of the current U.S. CGE model to assess imports of sensitive agricultural products from potential FTA partners and the development of the TSCAPE historical database and CGE model to analyze previous "fast-track" agreements.

- In FY 2004, the Commission analyzed responses to mailback survey forms in each published report and to the on-line customer survey on the ITC Web. In addition, the agency increased use of the Web site for timely dissemination of information on ongoing research investigations. During FY 2004 the Commission delivered Congressionally mandated reports on the U.S. free trade agreements with Australia, Morocco, and Central America and the Dominican Republic. Congress and USTR cited these studies as being particularly useful in understanding the economic effects of these agreements on the U.S. economy as a whole, as well as on various agriculture, manufacturing, and services sectors. Special accomplishments in FY 2004 include analysis of NTMs in basic telecommunications services, several unique analytical reports related to services and agriculture, cohosting an APEC conference on NTMs with the Australian Productivity Commission, utilizing the newly developed CGE model that reports state level results in *The Economic Effects of Significant U.S. Import Restraints Fourth Update 2004*, and moving *Shifts in U.S. Merchandise Trade 2003* to a web based publication. As a result of its statutory workload, the Commission deferred work on some planned extensions to its CGE modeling framework that were to have been completed in FY 2004. This goal has been established for FY 2005. In addition, the Commission, after reviewing various data regarding usage of its Web site, revised one of its goals to focus on measurement of user satisfaction rather than on usage levels.

OPERATION NO. 4: Trade Information Services

During FY 2006, the Commission plans to enhance its performance in providing trade information services by increasing the utility of various trade information services for its customers and by providing timely and effective nomenclature and other services to Congress and the Administration. Central to this Operation is the publication of the HTS and various types of tariff and trade information that are made available via the Commission's Web site. The Commission actively seeks feedback on customer satisfaction, and has established goals and indicators to account for such feedback. External factors affecting performance of this function include customer requests for assistance, and legislative changes. The agency has included new, more numerical goals for this Operation based on web page use, to reflect the agency's level of success in providing useful nomenclature information to customers.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 4. The general goal is to:

Provide effective technical expertise and advice on the implementation of trade policy and related administrative decisions; enhance the availability of high-quality tariff and international trade information to the Executive and Legislative Branches, as well as the broader trade community and the public; and increase the ability of customers to use such information.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
1. Increase the utility and improve the dissemination of ITC trade and tariff information services to customers.	a. Level of use, as appropriate: (1) Trade DataWeb (2) Tariff Database. (OP) b. More effective information management methods adopted (TATA). c. Level of use of HTS page of ITC website; review and revision of content (TATA). d. Results of feedback from users of ITC's main Web site (CIO). e. Number of email requests for Tariff advice.	a. (1) 5% increase in number of Trade DataWeb reports provided. a. (2) 5% increase in number of Tariff Database reports provided. b. Modernization of data and tariff publication process underway. c. Establish baseline for number of user visits to the HTS page of the ITC website; semiannual reviews and revisions completed. d. Establish baseline for user feedback regarding main Web site. e. 100% timely and accurate responses.	a. (1) 5% increase in number of Trade DataWeb reports provided. a. (2) 5% increase in number of Tariff Database reports provided. b. Modernization of data and tariff publication process underway. c. 5% increase in usage over previous year; semiannual reviews and revisions completed. d. 5% improvement over previous year. e. 100% timely and accurate responses.
2. Provide timely, effective, and responsive nomenclature and similar technical services to customers.	a. Results of product feedback assessments. (TATA/ER)	a. 95% positive results.	a. 95% positive results.

Note 1. In performance indicators, the offices in parentheses are the staff offices responsible for measurement.

Performance

During FY 2001, 2002, 2003, and 2004 the Commission generally met the performance goals of its Performance Plans:

- In FY 2001, the Commission improved its Web-based services. Publication of the tariff schedule via the Web site is accomplished on a real time basis. Response to the Commission's DataWeb (both the trade and tariff components) on the part of other government agencies and the public has been very positive. Commission representations to the WTO and WCO Committees were favorably received by trading partners; U.S. proposals were supported both by the U.S. trade community and U.S. trading partners.

- In FY 2002, the Commission continued to improve its Web-based services. Publication of the HTS on the Web site is accomplished on a real-time basis, and steps have been taken to improve consistency and accuracy of the electronic files before publication. Response to the Commission's DataWeb continued to be positive and use of that site by outside users continued to increase. Commission representatives to the WTO and WCO Committees continued to be received favorably by trading partners. U.S. proposals were supported both by the U.S. trading community and U.S. trading partners. Coordination among the Commission, other Government agencies, and the Congress increased dramatically with regard to proposed miscellaneous tariff legislation.

- In FY 2003, publication of the HTS on the Web site continued to be carried out on a real-time basis, with two revisions and a mid-year supplement. Accuracy and consistency between HTS chapter files and the Dataweb have been maintained, as well. ITC staff continued to explore ways to make the HTS files readily available to the general public in a useable format. Commission representatives to Committees of the WTO and the WCO continued to be received favorably; two ITC staff members chaired separate Committees at the WCO during the FY. Similarly, U.S. proposals were vetted with U.S. industry sources and other Government agencies and were generally found acceptable to our trading partners. The Commission adopted a new, simplified format for miscellaneous tariff bill reports to the Congress; it is anticipated that the new format will ease the burden on Commission staff preparing such reports and improve the timeliness of forwarding reports to the Congress without loss of content.

- In FY 2004, the 2004 edition of the HTS and a mid-year supplement were published in hard copy, and the electronic version on the ITC website was updated accordingly. An ongoing effort is being made to streamline the production of the HTS in order to facilitate the direct updating of the Dataweb, the Customs Automated Commercial Environment (ACE) database and other electronic databases employing HTS codes. Further, the HTS web page on the ITC web site has been reconfigured for better user friendliness and is expected to come online in its new format early in FY 2005. Preliminary work was begun on a new Section 1205 investigation, whereby amendments recommended by the WCO (and other amendments) eventually will be incorporated in the HTS, effective January 1, 2007. Two ITC staff members chaired separate

committees at the WCO during the FY, and one was elected to chair the Harmonized System Committee during FY 2005. Commission representatives either led or participated in the U.S. delegations to the WCO, and U.S. proposals and position papers for the various committees were vetted with U.S. industry sources and other Government agencies, with outcomes that were consistent with U.S. views and acceptable to our trading partners. Using the new, simplified format for miscellaneous tariff bill reports, the Commission approved more than 100 bill reports without substantive comment. Communications with USTR, Congressional Committees, other Government agencies (notably Commerce, Customs, OPIC, and USDA), the WCO, and the private sector all indicated positive feedback on the ITC's activities in their behalf during the FY.

OPERATION NO. 5: Trade Policy Support

During FY 2006, the Commission plans to improve its performance in the provision of technical analysis and trade policy support to organizations involved in trade policy formulation, and the provision of support to USTR in WTO dispute settlement litigation. To accomplish this, the Commission has set goals for expanding the level and scope of support provided to Congress and the Administration, for seeking and improving feedback from customers, and for enhancing the provision of such services via electronic means. In FY 2004, the staff experimented with moving from generic performance focus groups to seeking targeted product-specific feedback from customers. Product-specific feedback appeared to allow opportunities for speedier adjustment in future products. The agency will move permanently to this approach. A goal relating to handling of national security information was removed because coordination is not practicable at this time. External factors affecting performance of this function include customer requests for assistance, and legislative changes. Notably, USTR by statute may call on the services of other agencies without reimbursement.

General Goal

The Strategic Plan establishes a general goal and strategies for Operation No. 5. The general goal is to:

Contribute to the development of sound and informed U.S. international trade policy by providing effective technical support and analysis to the Executive Branch in international trade negotiations, international trade dispute resolution proceedings, and other international trade fora and to the Legislative Branch through appropriate committees and subcommittees.

The table below sets out the strategies relating to that general goal, and the performance goals and indicators corresponding to those strategies.

Strategies	Performance Indicators ¹	FY 2005 Performance Goals	FY 2006 Performance Goals
1. Regularly contribute technical analysis to organizations involved in trade policy formulation where Commission participation is appropriate.	a. Number of trade policy issue areas supported by ITC analysis. (ER).	a. 48 trade policy issue areas supported. ²	a. 50 trade policy issue areas supported. ²
2. Provide effective trade policy support to customers.	a. Results of review of mechanisms for providing support, including review of Web site content (ER). b. Customer satisfaction as measured by results of product feedback assessments with USTR, Congress, and other agencies (ER).	a. Web redesign and appropriate revisions implemented based on results of annual review. b. 95% positive results.	a. Appropriate revisions implemented based on results of annual review. b. 95% positive results.

Notes: 1. In performance indicators, the offices in parentheses are the staff offices responsible for measurement.

2. Requests for support will be influenced by the annual trade policy agenda set by the Administration; ability to respond to all requests for support will be dependent on the level of other, higher priority statutory work in Operation Nos. 1, 3, and 4.

Performance

During FY 2001, 2002, 2003, and 2004 the Commission generally met the performance goals of its Performance Plans:

- In FY 2001, the Commission responded to an increasing number of requests for support in a broad range of trade policy issue areas. There was increased staff involvement as technical experts supported various interagency efforts and negotiating teams. Direct feedback on our performance from Congressional and Executive Branch customers was generally positive. Specific focus group discussions of performance were scheduled for early in FY 2002.

- ❑ In FY 2002, the Commission saw a continuation in the upward trend in the number of trade policy issue areas in which it provided support to the Congress and the Administration. Focus group sessions were held with staff from our Congressional customers as well as senior staff from the Office of the U.S. Trade Representative. Feedback was overwhelmingly positive, with some suggestions for improvements to be implemented in FY 2003. ER continued to review the mechanisms through which support was provided and implemented changes as appropriate.
- ❑ In FY 2003, the upward trend continued in the number of trade policy issue areas in which the Commission provided support to the Congress and the Administration. Suggestions from the previous year's focus group sessions were implemented and ER reviewed the mechanisms through which support was provided and made changes as appropriate.
- ❑ In FY 2004, as discussed above, the staff experimented with moving from generic performance focus groups to seeking targeted product-specific feedback from customers. In FY 2004, staff also considered means to maximize policy support and keep agency staff abreast of current developments. In FY 2005, staff will consider methods by which to track review and comment on policy initiatives moving through the trade policy development system.